

High Skills, High Wages

Washington's Strategic Plan for Workforce Development

JUNE 2000



Washington State Workforce Training and Education Coordinating Board

WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD

The Vision

The Workforce Training and Education Coordinating Board is Washington State's valued and trusted source of leadership for the workforce development system.

Mission Statement

The Workforce Training and Education Coordinating Board's mission is to bring business, labor, and the public sector together to shape strategies to best meet the state and local workforce and employer needs of Washington in order to create and sustain a high skill, high wage economy.

To fulfill this Mission, Board members, with the support of staff, work together to:

- Advise the Governor and Legislature on workforce development policy.
- Promote a system of workforce development that responds to the lifelong learning needs of the current and future workforce.
- Advocate for the non-baccalaureate training and education needs of workers and employers.
- Facilitate innovations in workforce development policy and practices.
- Ensure system quality and accountability by evaluating results and supporting high standards and continuous improvement.

Board Members

Rich Nafziger <i>Acting Chair</i>	Geraldine Coleman <i>Representing Business</i>	Gay Kiesling <i>Representing Labor</i>	<i>Participating Officials</i>
Rick Bender <i>Representing Labor</i>	Carver Gayton <i>Commissioner State Employment Security Department</i>	Tony Lee <i>Representing Targeted Populations</i>	Jesse Palacios <i>Yakima County Commissioner Representing Local Elected Officials</i>
Terry Bergeson <i>State Superintendent of Public Instruction</i>	Earl Hale <i>Executive Director State Board for Community and Technical Colleges</i>	John McGinnis <i>Representing Labor</i>	Dennis Braddock, <i>Secretary, State Department of Social and Health Services</i>
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Ellen O'Brien Saunders <i>Executive Director</i>			

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This publication is available in alternative format upon request.

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JUNE 2000



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STATE OF WASHINGTON

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Governor Locke and Members of the Legislature:

We are pleased to forward *High Skills, High Wages: Washington's Strategic Plan for Workforce Development* to you for your consideration.

Our plan proposes four long-term goals for the state's workforce development system:

- Closing the skills gap.
- Training incumbent and dislocated workers so they are prepared for economic change.
- Developing a wage progression strategy for low-income individuals.
- Building WorkSource, Washington's one-stop system for access to workforce development resources.

To accomplish these goals and to make the system more responsive to the needs of students, workers, and employers during the next five years, we are committed to a set of specific strategies.

We have set performance targets that are among the highest in the nation. We are willing to be held accountable for our results. We will continue our progress in improving coordination, customer access and customer satisfaction. We will make WorkSource a reality so workforce development programs are customer-friendly, widely accessible, and fully committed to continuous improvement.

We know how much a family-wage job means to every adult worker. We know that young people who don't succeed in school face a steep hill to climb to economic self-sufficiency and a sense of belonging to the larger community. And, we know that unprepared employees prevent our businesses from realizing their potential.

Our success will depend upon an unprecedented degree of collaboration among public agencies and institutions, local workforce development councils, private providers of training and education, community organizations, employers, students, unions, and workers. The stakes are high; the potential rewards for our state even higher.

We look forward to working with you to implement this ambitious agenda for positive change.

Sincerely,

Rich Nafziger

Acting Chair

Rick Bender

Representing Labor

Terry Bergeson

Superintendent of Public Instruction

Don Brunell

Representing Business

Geraldine Coleman

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Carver Gayton, *Commissioner*

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TOMORROW'S ECONOMY

Only The Skilled Will Be Well Paid

Washington's economy is robust, and the state's unemployment is the lowest it's been for decades. Job opportunities abound in the tight labor market, and employers are having a hard time finding qualified applicants. But, making the most of this economy depends, in part, on where you live and the skills you have. While Washington's urban centers enjoy rising wages and low unemployment, many of our rural areas have stagnant wages and high unemployment. Even our low urban unemployment rates can be deceptive.

Securing a job might be easy in our large cities, but securing a high paying one with benefits may not be. Many workers have not been provided the training they need to escape from low-paying, dead-end jobs.

Washington's economy, moreover, is cyclical, and at some point in the future, another downturn will occur.

— Continued —

Our new economy is knowledge-based, and many of the fastest growing, best paying jobs are technical. The majority of family-wage jobs with benefits created in Washington will require postsecondary education; they won't, however, necessarily require a four-year degree.

The growing need for well educated workers has been fueled, in part, by profound changes in the workplace. During the 1990s, employers invested heavily in technology, especially information technology and high performance work practices such as teaming and continuous improvement. These changes flourish only where there are highly skilled workers. If Washington wants its citizens to enjoy high paying jobs, it must prepare people to use current and emerging technologies and function effectively in high performance workplaces.

Employers, however, report a severe shortage of job applicants with the skills required for the contemporary workplace. The state's workforce training and education system must prepare more workers with the kinds of skills employers are looking for. The training system must also assist in the continual retraining and upgrading of incumbent workers so that their skills stay up to date. Given the dramatic technological and structural changes buffeting our economy, we must do more to enable workers to make smooth employment transitions.

Economists stress that education and training are key ingredients to economic growth. They do not guarantee growth, but they are necessary preconditions.

Our willingness to invest in educating and training our people will influence the long-term rate of growth for the state's economy. These investments will also help to address several critical challenges—reducing the scarcity of skilled workers, providing more of our population with the education and training required to achieve higher wages and benefits, and minimizing the extent of worker dislocation.

Good Opportunities in Washington's Traditional Industries are Shrinking

For years, Washington's resource-based economy was able to provide high paying jobs with benefits to workers with only a high school education. Our forests and factories provided a living wage to loggers and production workers. Now these traditional sources of high-wage work are either shrinking or have limited prospects for growth.

Our low unemployment rate can be misleading. The rise and fall of industries, coupled with profound technological changes within industries, have created a serious dislocated worker problem in our state. Consider two important examples—lumber and aerospace. The lumber and wood products industry, which employed 58,800 people in Washington in 1947, has shrunk to about 35,000 and will continue to decline due to supply limitations and technology changes in the mills.¹ Although the airlines have recovered from a prolonged period of low profitability and are ordering new jets,

Boeing is committed to building those jets with fewer people in the future. Aerospace employment stood at 113,200 in June 1998, up from the recent low of 79,800 in 1995. But, in the future, employment will decline as Boeing implements cost control measures to compete with Airbus Industries and other potential foreign producers. By 2020, Washington's aerospace employment is expected to be about 87,500.²

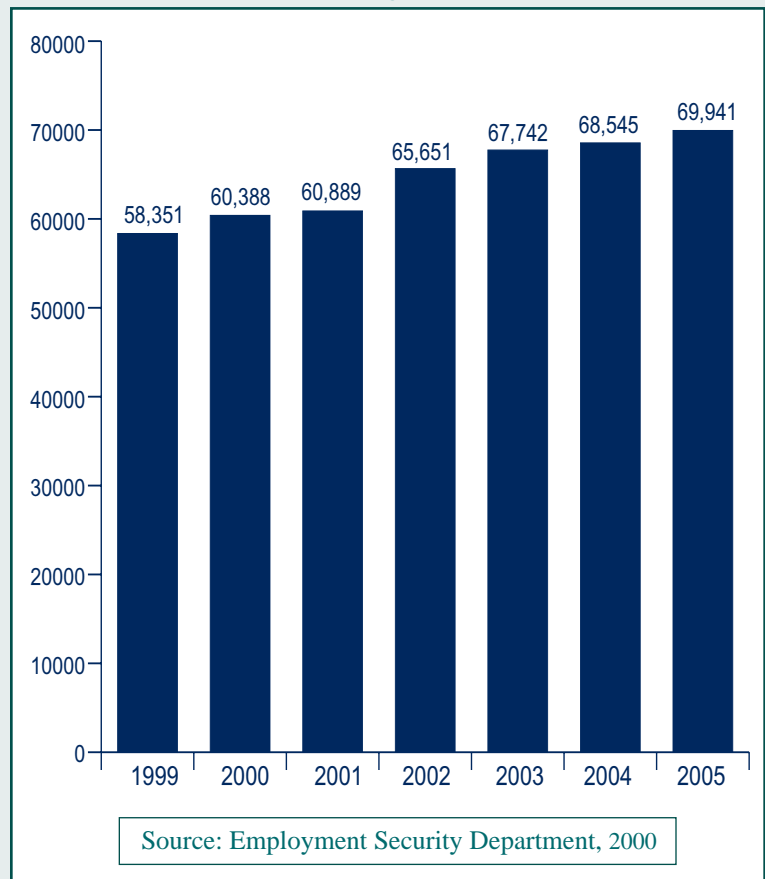
The number of dislocated workers in the state has been increasing, despite the robustness of our economy. The Employment Security Department (ESD) estimates that there were about 58,000 dislocated workers in Washington in 1999. ESD estimates that this number will increase over the next 5 years, reaching 65,650 by 2002 and almost 70,000 by 2005.

Another problem masked by the overall strength of our economy is the nature of the jobs being created. While forecasts suggest that job growth will remain strong over the next two decades, employment opportunities in manufacturing are expected to expand more slowly.³ Services and retail trade will account for much of the total increase in employment during the next two decades. Earnings in the service sector vary greatly. While many of the jobs in business services are high-wage with benefits, many of those in lodging and personal services are not. In the retail trade, 28 percent of the jobs are low-wage, paying less than \$6.50 an hour. Only agriculture has a higher percentage of jobs that are low-wage, 45 percent.⁴

No Boom in Rural Washington

Structural change has also exacerbated economic inequality across regions. Nowhere is the decline of resource-based jobs more keenly felt than in rural Washington. Whereas the state's unemployment rate hovers around 4 percent, much of rural Washington suffers from much higher unemployment. In our rural counties, 11 had unemployment rates in excess of 9 percent in 1998. The economies of these counties are both resource-based and labor-intensive.⁵

Estimated Number of Dislocated Workers in Washington State



For decades, rural Washington was dependent on natural resource industries such as logging, fishing, and mining. These industries are not the job creators they once were. Agriculture is a major source of rural employment, but many jobs are seasonal and the agricultural economy is vulnerable to economic downturns in food importing countries. Unlike Washington's urban areas, our rural communities don't have diverse enough economies either to absorb hundreds, let alone thousands, of dislocated workers at the wage levels of their former jobs.

The Corporation for Enterprise Development recently gave Washington an "A" for overall economic performance based on the state's high average pay and low overall poverty rate. Furthermore, the state ranked number one in the nation in terms of the start up of new companies, the development of digital infrastructure, and university spin-offs. However, Washington was rated as having one of the highest urban/rural income disparities. This disparity defines "The Two Washingtons." Median household income in the metropolitan Puget Sound counties ranged from \$45,000 to \$49,000 in 1998, and the percentage of families in poverty ranged from 8.8 to 11 percent. In rural counties of Eastern Washington,⁶ however, the median household income was around \$30,000, and roughly 22 percent of families were below the poverty line.⁷

We must diversify the economic bases of rural communities, and policies have been proposed to further this goal—investment in rural infrastructure, grants

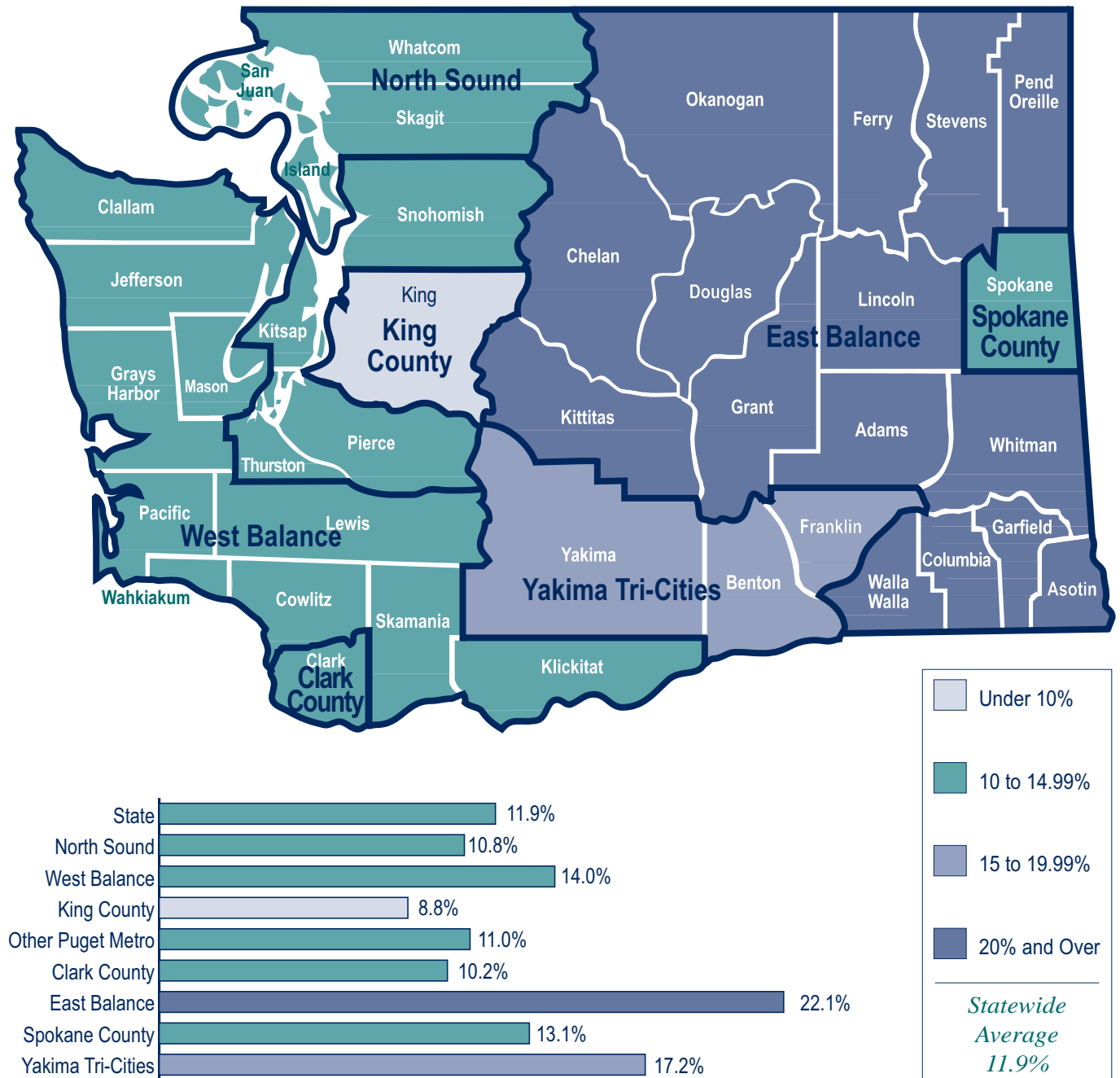
for economic and land use planning, and tax incentives to encourage high-tech businesses to locate or expand in distressed counties. Workforce development policies are also critical; workers in these communities must have the skills required to attract and support new industries.

Scarcity of Skilled Workers and the Increasing Gap Between the Haves and Have-Nots

Starting in the mid-1970s, income inequality in America worsened, and studies suggest that pervasive technological change is the culprit. Massive investments in new technologies have increased the demand for highly skilled workers in all sectors of the economy. Supply has not kept up with demand, and the earnings gap between more-educated and less-educated workers has widened dramatically.

Few occupations are escaping the technological changes driven by computers. Employees in nearly every field have learned new skills as they have incorporated computers into their jobs. Machine tool operators make parts using computer-controlled machines. Forklift operators in factories use computerized inventory locating devices. Cars, traffic lights, heating and cooling systems, hospitals, and machine shops all have become computerized. Washington's employers report that on average 45 percent of nonsupervisory employees now use computers in their jobs.⁸

Percentage of Families in Living in Poverty in Washington State



- Rural areas of Western and Eastern Washington and the Yakima Tri-Cities area have the largest percentage of families living in poverty
- Poverty is based on 1997 Income and Federal Poverty Level. For a typical family of 4, this was \$16,400 in 1997.

Source: Office of Financial Management, Forecasting Division, February 1999.

Employees must not only become familiar with new, highly sophisticated machines, they must learn and relearn whole new organizational processes associated with those machines. Even industries that perfected mass production using semiskilled workers have undergone transformation. Many U.S. manufacturers have reduced the number of supervisors in their factories and given workers greater responsibility for ensuring quality, redesigning manufacturing processes, and improving the products themselves. Many of these companies used to hire workers without a high school diploma. This is no longer the case. As the use of sophisticated technologies continues to grow in our nation's businesses, so also do the required educational levels of their workers.

These changes have widened the gap between well educated citizens with high incomes and lower skilled citizens struggling to maintain even a modest standard of living. For many Americans living standards and quality of life have deteriorated. Washington did not escape the national trend. Statewide, real average wages declined by 8.8 percent between 1979 and 1989. The trend reversed after 1989, but it was not until 1997 that real average wages fully recovered and rose above their 1979 level.⁹

During the period of declining average earnings, it was the less educated workers that suffered the greatest losses. From 1979 to 1989, real wages for Washington workers without a high school education fell 27 percent.¹⁰ The

real wages of workers with a high school degree, but no postsecondary education, dropped 12 percent. Having a 2- or 4-year college education moderated the decline, but real wages still fell by 4 and 5 percent, respectively. In contrast, those with a professional or doctoral degree found their real wages increasing 18 percent. Real earnings have been increasing during the 1990s, and most workers appear to have benefited from the tighter labor markets. However, inequality has not declined. A recent study examining wages across income groups in Washington concluded that between 1990 and 1997 wages at all levels rose. The poor did benefit. However, the wealthy gained more, and wage inequality increased.¹¹

Inequality has increased because growth in demand for highly skilled labor has outstripped supply. Greater investment in education and training could help to narrow the earnings gap. Consider Japan. Whereas the Japanese economy also experienced technological changes during the 1980s, earnings differentials across education groups grew much less than in the United States. Japan was able to curb the rise in inequality by more rapidly increasing the supply of highly educated workers. They also benefited from graduating high-quality secondary school students who were well prepared for further training.¹²

Turning Productivity Around

One cause of stagnating incomes was stagnating productivity growth. Only by producing more high-quality goods and

services with lower production costs are we able to increase our standard of living. Productivity grew by an average of 2.6 percent per year from 1950 to 1972, underlying steady improvement in living standards. But, it slowed to 1.1 percent from 1973 to 1995.¹³ Productivity has begun to increase again. It rose at an annual rate of 2.6 percent from 1996 through 1999.¹⁴

Can the recent turnaround in productivity growth be sustained? Proponents of the “New Economy” hypothesis think that it will. They argue that investments in computers, software, telecommunications, and other high-tech products will sustain rapid productivity growth. Others are less optimistic. Robert Gordon, an economist at Northwestern University, estimates that the recent turnaround in productivity is primarily due to the “explosion” of output and productivity growth in the small segment of the economy that produces computers.¹⁵

Broad-based gains will require that productivity improvements in the computer industry migrate to the rest of the economy.¹⁶ But, to achieve the full benefit of technological advances, we need a skilled and educated workforce. According to a study sponsored by the Census Bureau, a 10 percent increase in the educational attainment of a company’s workforce results in an 8.6 percent increase in productivity.¹⁷ Investments in human capital must complement investments in new technologies.

In a Global Economy, Jobs Can Be Located Almost Anywhere

Washington’s businesses already know the advantages offered by a global economy. We sell our apples to Russia, our forest products to Japan, and our airplanes and software to the world. But, as opportunities to sell to other countries have increased, so have other countries’ opportunities to make the very things we sell. And, it’s not simply a case of using low-wage, unskilled labor to mass produce inexpensive standard products. Foreign countries are increasingly able to offer highly skilled alternatives to using American workers.

Russian lab technicians design and test products for Boeing in Moscow. In the spring of 1998, IBM opened a \$25 million global research unit in India. French and German production workers are now making computer chips for Motorola and Texas Instruments.¹⁸

With advances in telecommunications, even complex service work can now be performed overseas. In the south India city of Bangalore, engineers provide on-line technical support for American programmers using Windows-based products. Microsoft is only one of several companies that is contracting for software services in India. Hewlett-Packard, 3M, Intel, and AT&T also use Indian workers for software services.¹⁹

The same technology that allows people in India, France, and Russia to work for United States companies can be used to

create business opportunities in Washington. This is especially true for rural Washington with its remote access to population hubs. But, we must remain alert for opportunities—as distance matters less and less, a technologically educated and highly skilled workforce matters more and more.

Where the Jobs Will Be in 2008

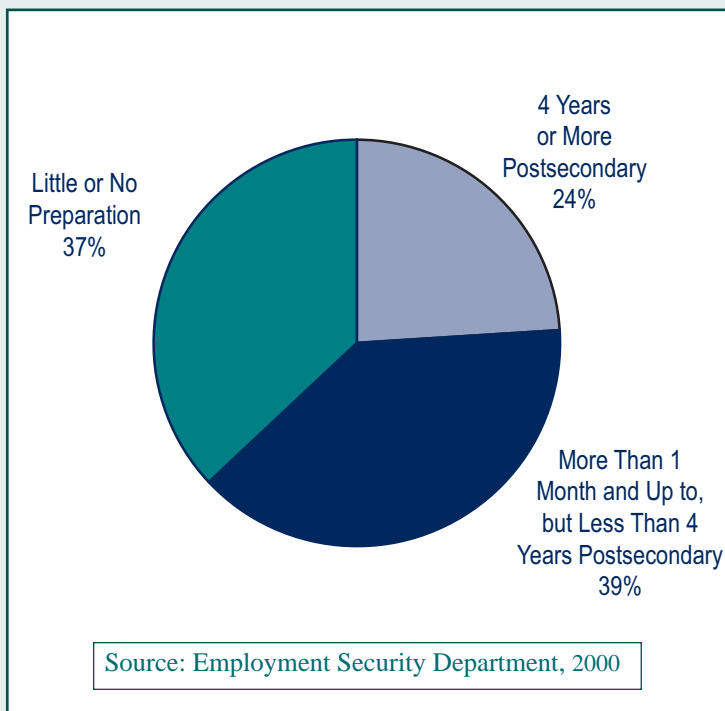
The economic future is not bright for workers entering jobs that typically require little or no training. There will be jobs, but not good ones. Consider

occupations that require less than a high school education; a high school diploma; or up to, but less than one month of postsecondary training. Although Washington's economy is expected to have more than 462,000 net job openings (i.e., new jobs due to growth and openings due to replacement) in these occupations between 1998 and 2008,²⁰ these won't be the kinds of jobs that helped loggers and production workers prosper. They will be low-wage jobs serving food, cleaning offices, and unloading trucks; jobs that provide few opportunities for advancement and wage progression.

The greatest number of new family-wage job opportunities will be in occupations that require postsecondary education but not a *four-year degree*. Over the next decade, there will be approximately 496,000 job openings for technicians, paralegals, health care workers, salespeople, and other occupations that require more than one month and up to, but less than, four years of postsecondary education. By comparison, there will be 302,000 job openings for teachers, engineers, lawyers, and other professionals who need a 4-year degree.²¹

The table on the next page provides examples of occupations that typically require more than one year and up to, but less than, four years of postsecondary training. The table also lists the expected number of job openings over the next ten years for each of these occupations.

Training Required for Expected Job Openings Between 1998 and 2008



**Top Occupations Requiring More Than One Year And Up To,
But Less Than, Four Years of Postsecondary Education: 1998-2008**

	Number of Net Job Openings[*]	Wage Range^{**}	Median Annual Earnings
Marketing/Sales Supervisors	18,060	\$11.50—\$20.80	\$31,310
Carpenters	12,820	\$13.39—\$22.05	\$36,590
Clerical Supervisors	12,300	\$12.44—\$19.61	\$32,240
Registered Nurses	12,110	\$18.41—\$26.01	\$45,420
Paraprofessionals & Technicians, NEC^{***}	11,220	\$14.42—\$25.05	\$39,690
Secretaries, Excluding Legal or Medical	10,930	\$10.33—\$14.71	\$25,730
Automotive Mechanics	9,980	\$10.68—\$17.88	\$29,340
Cooks, Restaurant	8,920	\$ 7.17—\$10.09	\$17,840
Service Supervisors, NEC^{***}	8,820	\$10.07—\$15.89	\$26,070
Food Service & Lodging Managers	8,590	\$ 8.64—\$15.21	\$24,430
Teachers Aides, Paraprofessionals	7,460	\$ 9.06—\$11.16	\$21,140
Hairdressers & Hairstylists	6,370	\$ 6.02—\$10.38	\$16,140
Electricians	5,180	\$15.98—\$24.44	\$42,010
Dental Assistants	5,090	\$10.91—\$15.12	\$26,540
Health Professionals/Paraprofessionals/ Technicians, NEC^{***}	4,440	\$11.94— \$21.92	\$33,570
Licensed Practical Nurses	4,320	\$12.55—\$15.89	\$29,350
Police Patrol Officers	4,190	\$18.66—\$24.48	\$45,480
Medical Assistants	4,190	\$ 9.67—\$12.30	\$22,500
Computer Programmers	3,750	\$18.63—\$34.01	\$47,420

* Job openings include both new jobs due to growth and openings due to replacement. Openings are the total for the ten-year period.

** These wage rates define the first and third quartiles of wage distribution. In other words, if workers were ranked according to their wages, the given rates would bracket the middle 50 percent.

*** Not elsewhere classified.

Source: Number of expected job openings is based on projections conducted by the Washington State Employment Security Department, 1999. Wage and earnings data are from the Occupational Employment Statistics Survey (fourth quarter of 1998).

Percentage of Firms Reporting Difficulty Finding Qualified Applicants

Industry	Statewide	REGION		
		Puget Sound ²³	Western Balance ²⁴	Eastern Washington
All Firms	64%	69%	59%	57%
Agriculture & Food	46%	64%	53%	34%
Manufacturing	70%	73%	67%	64%
Construction	73%	80%	65%	67%
Trade	65%	68%	62%	60%
Services	65%	70%	59%	60%
High-Tech ²⁵	63%	66%	46%	71%
Other ²⁶	57%	60%	48%	59%

Employers Report a Severe Shortage of Skilled Workers

Do we have enough qualified workers to fill these jobs? The answer is no, and the shortage is most severe in the supply of workers with vocational-technical preparation.

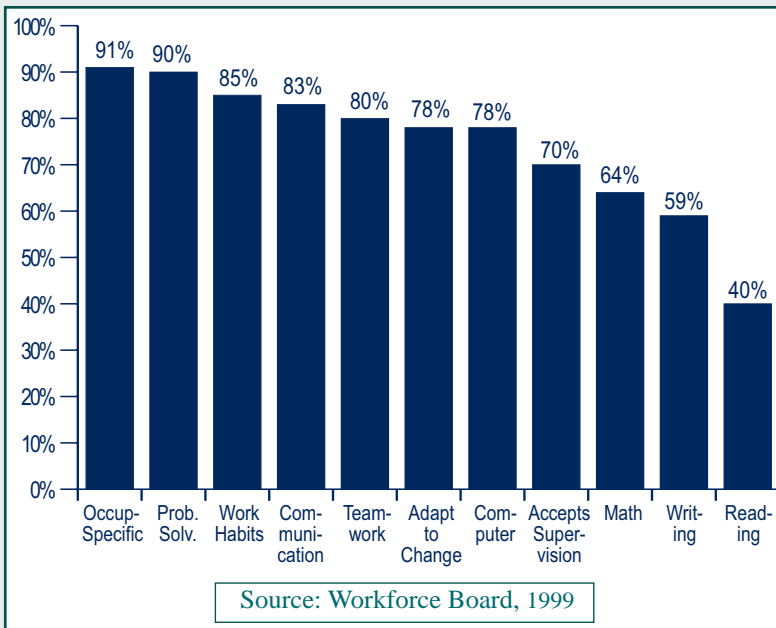
A 1999 survey of almost 4,000 employers by the Workforce Board found 64 percent of firms looking for workers during the last 12 months had difficulty finding qualified job applicants.²² This represents an estimated 60,750 Washington State employers. The problem is not isolated to high-tech firms; the shortage affects all.

The strong economy has created a “general” labor shortage, and some firms report having trouble finding applicants with only a high school diploma. The more serious problem, however, is the scarcity of workers with postsecondary training. Among firms having difficulty finding qualified workers, about 77 percent report difficulty finding applicants with a vocational certificate or vocational associate degree. Roughly the same percentage of firms report difficulty finding applicants with a baccalaureate degree, but the scarcity of workers with postsecondary *vocational* training affects more firms than are affected by shortages of other workers.²⁷

Among employers who had difficulty, 91 percent had difficulty finding applicants with occupation-specific skills. This was more than the percentage that had difficulty finding any other type of skills, including the basic skills of reading, writing, and math.

Percentage of Employers Having Difficulty Finding Qualified Applicants With Specific Skills

(among employers reporting difficulty in last 12 months)



For the next 10 years there will be about 32,000 net job openings per year for workers with more than 1 year and up to, but less than, 4 years of postsecondary training. Yet, only about 21,700 people complete programs at 2-year colleges, private career schools, and apprenticeships and are ready to go to work.²⁸ Roughly one third of the projected demand is unmet.

Worse, employers believe skill shortages are hurting the economy by lowering productivity, reducing product quality, and limiting output or sales.²⁹

Information Technology

The exploding field of Information Technology (IT) feels acutely the unmet demand for workers with technical knowledge and skills.

IT employees design, program, and maintain computers and computerized systems. Since such systems are pervasive in our lives, so is the need for IT workers. IT's share of the U.S. economy nearly doubled between 1977 and 1998, growing from 4.2 percent to 8.2 percent.³⁰ American companies increased their annual investments in computers 14 fold during the 1990s, and the Commerce Department predicts that almost half of the U.S. workforce will be employed in industries that are either big producers or intensive users of IT by 2006.³¹

IT jobs have grown so fast that the workforce training system can't keep up with the demand. In 1998, the Workforce Board assisted the Washington's

Software Alliance to assess the "extent and nature of the workforce challenges" facing the software industry in Washington State.³² The assessment revealed that Washington has a serious shortage of information technology workers:

- Washington's software industry includes nearly 2,500 firms.
- The industry employed 11,200 people in 1988; 10 years later 46,000 people worked in this industry.
- There is currently a severe shortage of workers, which is slowing industry growth, resulting in the loss of billions of dollars in lost revenues and delaying the creation and release of new products.
- In 1998, Washington had more than 7,000 unfilled software industry jobs.
- Nearly 64,000 additional software industry workers will be needed within the next 3 years.
- Educational institutions in Washington State, at all levels, are preparing far fewer information technology workers than are likely to be needed.
- Software companies are forced to use a variety of tactics to fill the gap, including recruiting from other states, subcontracting to firms in other states or countries, and bringing in foreign workers. The most harmful affect is stifled growth and lost economic opportunities.

“The most significant challenge facing the construction industry is the shortage of skilled craftspeople. We estimate that 250,000 new craft workers are needed yearly just fill the demand caused by attrition and retirement.”

W. Thomas Musser,
National Association
of Builders
and Contractors,
November 1999

- Firms were presented a list of nine policy suggestions, and they were asked to choose three. They most strongly supported expanding information technology programs at high schools and community colleges. These suggestions were supported by roughly half of the respondents. Expanding information technology programs in universities received support by one third of the sample.

Construction Industry Will Need Many Skilled Workers

The scarcity of highly skilled workers is not confined to high-tech industries. A recent study conducted by the Office of Port JOBS; the Worker Center of the King County Labor Council, AFL-CIO; and the Northwest Policy Center suggests that demand for construction workers in the Puget Sound will increase rapidly, putting pressure on the region's apprenticeship and apprenticeship preparation systems.³³ Increased construction activity, higher than average retirements, and other replacement needs are expected to result in roughly 5,340 net job openings (new jobs and openings due to replacement) over the next year, and about 4,125 per year from 2001 to 2006.

The study concludes that the Puget Sound region's apprenticeship programs, which combine structured on-the-job training with classroom instruction, must be expanded to meet the growing demand for skilled workers. The 11 largest programs serve about 3,500 apprentices each year, and they could, with additional resources such as more

classrooms, serve another 1,500. However, it will be hard to find enough qualified applicants for the programs. One problem is the system's decentralized nature, which can make it difficult for an interested person to understand and navigate. Other problems include insufficient linkages between apprenticeship preparation programs and apprenticeships, difficulties in recruiting and retaining women, insufficient marketing of apprenticeship programs in high schools, and a cultural bias against entering the trades.

High Performance Work Organizations Need Workers Who Think

Today's businesses must be fast on their feet to survive in today's constantly changing marketplace. They must pursue a strategy of market flexibility and responsiveness. They must rely on employees who can adjust production processes quickly. Successful companies tend to share a set of traits that collectively describe a "high performance work organization." These traits include:

- A commitment to continuous improvement.
- Effective worker participation in decision-making at the shop floor or frontline level.
- A high degree of integration of technology into work processes.
- Cross-functional teams responsible for customer service, training, problem solving, and product design.

- Management by coaching, planning, and facilitation, rather than enforcing.
- A culture that promotes high levels of informal learning among employees.

High performance work organizations require highly skilled workers. Employees can't participate in decisions if they can't read the plant's production reports. They can't operate computerized machines or understand statistical process control without some understanding of mathematics. They can't contribute to a cross-functional team without basic communication skills.

To meet the needs of a high performance work organization, tomorrow's workers must not only receive job-specific and basic skills training, they must be able to:

- Adapt quickly to change.
- Perform more abstract work processes.
- Assume more decision-making authority.
- Work in teams.
- Understand systemwide needs.

Many Washington businesses are striving to adopt the high performance strategy. A 1990 national study reported only 5 percent of employers were using methods that characterize a high performance work organization.³⁴ When surveyed in 1999, 20 percent of Washington employers indicated they had a formal continuous quality improvement program in place.³⁵

Larger percentages of employers are using other high performance practices such as cross training employees (84 percent), self-managed work teams (44 percent), and benchmarking their results against other firms (42 percent).

The high performance strategy is best achieved when the business is willing to develop its workforce and where there is already an adequate supply of highly skilled workers. Washington employers engaging in high performance practices are more likely to provide training to their employees and to expect increased employment of workers with post-secondary training. As the number of work organizations that incorporate high performance practices increases, so will demand for highly skilled workers. Our training system will have to do more to ensure that those entering the labor market have the required teamwork skills, problem-solving skills, and the ability to adapt to changes that are required in the high performance workplace.

Implications

Pervasive technological change has increased demand for more educated workers in all sectors of the economy. The jobs being created demand higher skills, and only higher-skilled jobs can pay a family wage and offer benefits. Our citizens need jobs that pay well enough to provide a family-wage standard of living. Unless we equip our workforce with the skills to succeed in high-wage jobs, our society will become increasingly polarized into skilled "haves" and unskilled "have-nots."

Employers need more skilled workers. If employers can't find trained workers, Washington's businesses will suffer. They won't be as innovative or competitive, and our state's now robust economy will be threatened.

A knowledgeable workforce is a state resource and a "draw" for employers considering where to locate or expand their operations.

Dramatic structural changes, the rise and fall of industries, coupled with profound technological changes within industries, have created a serious dislocated worker problem in our state. Retraining must be available for today's workers so they can match changing demand. Major investments in the skills of current and future workers are essential. Workers must be lifelong learners, and training must be readily accessible to both workers and employers.

Finally, workforce training and education policy and programs must be coordinated with state and local economic development strategies. Coordinating workforce training with economic development can help us attract the industries that pay family-wage jobs and enhance the economic prospects of our citizens. We need to diversify the economic bases of depressed rural communities, and workforce development policies are critical to our efforts. Workers in rural counties, which have not shared in Washington's high-tech boom, must gain the skills required to attract and support new industries.

Section One Notes

¹ “1999 Long-Term Economic and Labor Forecast for Washington,” Washington State Office of Financial Management and Washington State Employment Security Department, 1999, p. 37.

² *Ibid.*, p. 38.

³ *Ibid.*

⁴ Washington State Employment Security Department, 1998.

⁵ “1998 Washington State Labor Market and Economic Report,” Washington State Employment Security Department, 1998.

⁶ Excludes Spokane, Yakima, Benton, and Franklin Counties.

⁷ “1998 Washington State Population Survey,” Washington State Office of Financial Management.

⁸ Based on data collected from Washington State Workforce Board’s employer survey, *Workforce Training Needs and Practices of Washington State Employers*, 1999.

⁹ “1999 Long-Term Economic and Labor Force Forecast for Washington,” Washington State Office of Financial Management and Washington State Employment Security Department, 1999.

¹⁰ “State Economic Trends,” Washington State Office of Financial Management, 1998.

¹¹ “Washington Wage Report,” Washington State Employment Security Department, 1999 (forthcoming).

¹² “Changes in the Structure of Wages: The United States vs. Japan,” Lawrence F. Katz and Ana L. Revenga, *Journal of Japanese and International Economies*, 3 (December) 1989, pp. 522-553.

¹³ “Has the ‘New Economy’ Rendered the Productivity Slowdown Obsolete?” Robert Gordon, paper presented at the CBO Panel of Economic Advisors, June 2, 1999.

¹⁴ Bureau of Labor Statistics, 2000. Productivity refers to output per hour in the nonfarm business sector.

¹⁵ “Has the ‘New Economy’ Rendered the Productivity Slowdown Obsolete?” Robert Gordon, paper presented at the CBO Panel of Economic Advisors, June 2, 1999, p. 1.

¹⁶ “The New Economy: Work in Progress,” *The Economist*, July 24, 1999, pp. 21-24.

¹⁷ “Study Ties Educational Gains to More Productivity Growth,” Peter Appleborne, *New York Times*, May 14, 1995.

¹⁸ “Global Manufacturing Special Report,” J. Robert Lineback, *Semiconductor Business News*, CMP Media Inc., October 1997, p. 1.

¹⁹ Information from the Software Technology Park, Bangalore, India, July 1998.

²⁰ Washington State Employment Security Department, 1999.

²¹ Washington State Employment Security Department, 1999.

²² Washington State Workforce Board’s survey, *Workforce Training Needs and Practices of Washington State Employers*, 1999, was administered to firms with two or more employees covered by unemployment insurance.

²³ The Puget Sound Region includes Snohomish, King, and Pierce Counties.

²⁴ The Western Balance includes Island, San Juan, Skagit, Whatcom, Clallam, Jefferson, Kitsap, Grays Harbor, Lewis, Mason, Pacific, Thurston, Clark, Cowlitz, Skamania, and Wahkiakum Counties.

²⁵ High-tech includes biotechnology; computers and computer equipment; computer programming, software, and maintenance; electronics; precision equipment and instruments; telephone communications; and research and testing.

²⁶ Other, not elsewhere classified, includes transportation and public utilities, communication, gas, electric and sanitary services, finance, insurance, real estate, and public administration.

²⁷ Washington State Workforce Board’s survey, *Workforce Training Needs and Practices of Washington State Employers*, 1999.

Section One Notes

²⁸ The estimated supply includes community and technical college and private career school students who obtain academic associates degrees, vocational associates degrees, and vocational certificates from programs lasting 1 year or longer; persons who completed apprenticeship programs; cosmetology school graduates; and, in order to derive a conservative estimate of the skill gap, community college students who left their programs without completing, but who had completed 45 credits. The number of community and technical college graduates was adjusted to exclude those who transfer to four-year schools and those who already had appropriate degrees. We adjusted the supply figures by labor force participation rates in order to take account of that some graduates exit or fail to enter the job market.

²⁹ Washington State Workforce Board's survey, *Workforce Training Needs and Practices of Washington State Employers*, 1999.

³⁰ "The Digital Work Force: Building Infotech Skills at the Speed of Innovation," Carol Ann Meares and John F. Sargent, Jr., U.S. Department of Commerce, Office of Technology Policy, June, 1999, p. 5.

³¹ "The New Economy: Work in Progress," *The Economist*, July 24, 1999, pp. 21-24.

³² "Washington State Software Industry Challenges," Paul Sommers, Washington Software Alliance, October 1998.

³³ "Building Opportunities Initiative: Findings & Recommendations," Office of PortJOBS, Worker Center of King County Labor Council, AFL-CIO, and Northwest Policy Center, January 1999.

³⁴ "America's Choice, the Report of the Commission on the Skills of the American Workforce," National Center on Education and the Economy, 1990, p. 40.

³⁵ Washington State Workforce Board' survey, *Workforce Training Needs and Practices of Washington State Employers*, 1999.

TOMORROW'S WORKFORCE

Will We Have The Skills We Need?

Our workforce development system faces stiff challenges. Washington's businesses need increasing numbers of skilled workers. Segments of our population need more extensive and easier access to education and training so they can escape from low-wage jobs.

Demographic trends will make it more difficult to meet these challenges. Population growth has declined, and our labor force growth rate will continue to slow. It will be harder to close the skill gap with fewer new workers entering the labor market each year. The population is also aging, and an increasing percentage of labor market entrants will come from populations who traditionally have received less education. However, younger workers and better-educated workers are the ones who typically achieve the greatest wage progression.

— Continued —

Importing IT Workers

Some employers of information technology (IT) workers are looking to foreign workers to meet their skill needs. Whether or not to allow larger numbers of skilled foreign workers to enter the country is a contentious issue. A debate has focused on the number of H-1B visas, which allow skilled foreign workers to work in the United States for up to six years. Although H-1B visas are “non-immigration” visas, they are often used as a stepping stone to permanent immigration.

Prior to 1998, the number of H-1B visas had been capped at 65,000 workers per year. Largely due to the increased use by the IT industry, the H-1B cap was reached for the first time in August 1997. In 1998, the cap was reached in May.

The IT industry led a major effort to raise the H-1B visa cap. Groups that represent technical workers opposed this, arguing that there are Americans who can do the work, but that industry wants lower cost labor. They have also argued that H-1B workers cause wages in IT occupations to be lower than they would otherwise be, reducing the incentive for U.S. residents to enter these occupations.

In late 1998, the Congress and the White House agreed to compromise legislation that would temporarily increase the H-1B cap to 115,000 for fiscal years 1999 and 2000, and then decrease it to 107,500 in 2001 and 65,000 in 2002. The compromise included funding to increase the supply of technically trained workers in the U.S.

Source: Excerpted from Carol Ann Meares and John F. Sargent, “The Digital Workforce: Building Infotech Skills at the Speed of Innovation,” U.S. Department of Commerce, Office of Technology Policy, June 1999, pages 16-17.

Slow Growth in the Workforce

Rapid labor force growth during the 1960s, 1970s, and 1980s provided our employers with a ready supply of skilled workers to staff expanded operations. But now, Washington’s population growth is slowing. Even with continued in-migration from other states and countries, labor force growth slowed to 24 percent during the 1990s. Forecasts suggest that growth in the next decade will slow to 16 percent; from 2010 to 2020, it will drop to only 8 percent. What do these forecasts imply in terms of numbers of new workers? There were roughly 60,000 net additions to the labor force per year during the 1990s. There will be 50,000 a year from 2000 to 2010 and only 29,000 a year from 2010 to 2020.¹

Lower birth rates, after a lag, result in slower labor force growth. Changes in labor force participation rates will not offset the impact of declining population growth in Washington. The labor force participation rate increased from 61.5 to 71.9 percent between 1970 and 1998, and this contributed to the increase in labor supply. However, population aging is expected to nudge the participation rate down to 68.1 percent by 2020.

Migration will moderate the declines in labor force growth, but it will not reverse the trend. Employers faced with severe labor shortages have looked to foreign workers as a potential labor pool. However, international migration is a contentious issue and limited by federal policy. (See sidebar.) Migration within the United States has made substantial

contributions to labor force growth in Washington. However, the net migration rate has declined dramatically from its peak in 1989 to 1990. The current rate is expected to remain for the next ten years, based on the expected performance of Washington's economy relative to that of the United States and California.²

Washington's future economic growth could be increasingly constrained by limits in the supply of skilled workers, particularly in occupations that require technical training beyond the high school level. It will be more difficult to increase the skill mix of the workforce when fewer new workers enter the labor market each year. Moreover, slower growth in labor supply could further skew labor demand toward highly skilled workers. Firms, confronted by an increasing scarcity of labor, will respond by investing even more in new production technologies that require fewer workers overall, but demand more highly skilled ones.

This presents Washingtonians with an opportunity and a challenge. The opportunity is that good paying jobs will become available to a wider spectrum of people than in the past. The challenge is to ensure that our citizens have the skills necessary to succeed in these new jobs.

New Sources for Tomorrow's Workers

With a slow down in labor force growth and an increase in the skill levels demanded by the jobs now being created, Washington's economy is going to need every available skilled worker in the

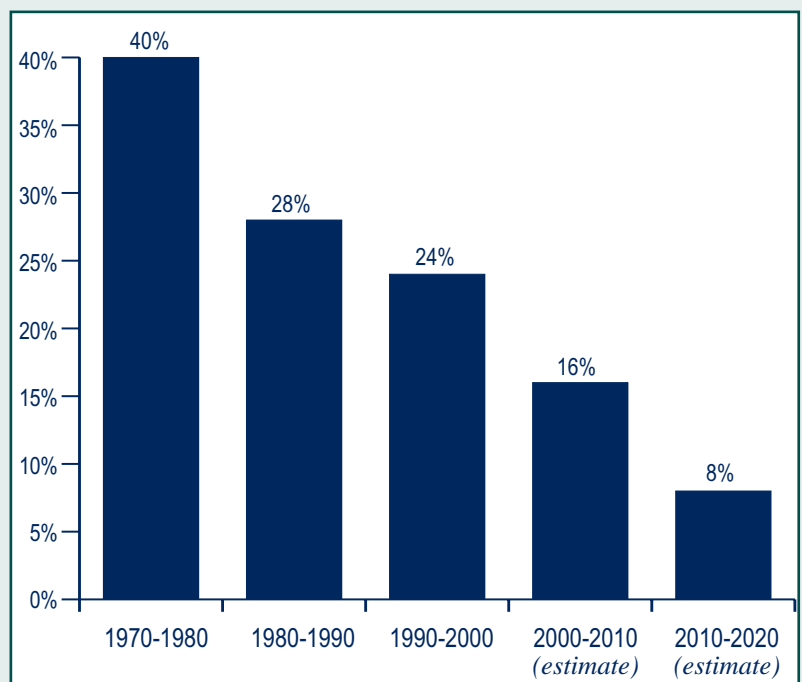
state. Where will these workers come from? They could come from population segments that in the past have been under-represented in both technical training programs and the workforce at large.

People of Color

Washington State is becoming more diverse; growth in the number of people of color exceeds that of the white population. The Hispanic and Asian/Pacific Islander populations are increasing especially rapidly. By 2020, according to projections, Washington will be home to almost 700,000 Hispanic people, an increase of 125 percent over 1990. The number of Asians/Pacific Islanders will rise by 113 percent.³

Labor Force Growth Over Decades: 1970–2020

Growth in the labor market is slowing, creating the potential for greater shortages of labor and skills.



Twenty-four percent of the state's public school students in grades K–12 are students of color. The number of white students in our public schools increased by 10 percent between 1990 and 1998. The number of African American students rose by 44 percent, Asian students by 50 percent, and Hispanic students by 92 percent.⁴ As many as 90 languages are spoken by students in Washington's large urban school districts.⁵

The composition of the workforce is also changing. Twenty-six percent of the net additions to Washington's workforce from 1990 to 2020 are expected to be people of color. In 1990, 9 percent of Washington's working population was nonwhite, and 3.7 percent was Hispanic; by 2020, 15 percent will be nonwhite, and over 8 percent will be Hispanic.⁶

For a variety of reasons, including racial prejudice, people of color have in the past obtained less education on average than whites⁷ and have experienced higher levels of unemployment.⁸ As a result, this growing population has a large, unmet need for education and training. Washington must satisfy this need. The combination of slower growth in the workforce and faster growth among people of color brings together a moral imperative for equal opportunity with an economic imperative for better-educated workers.

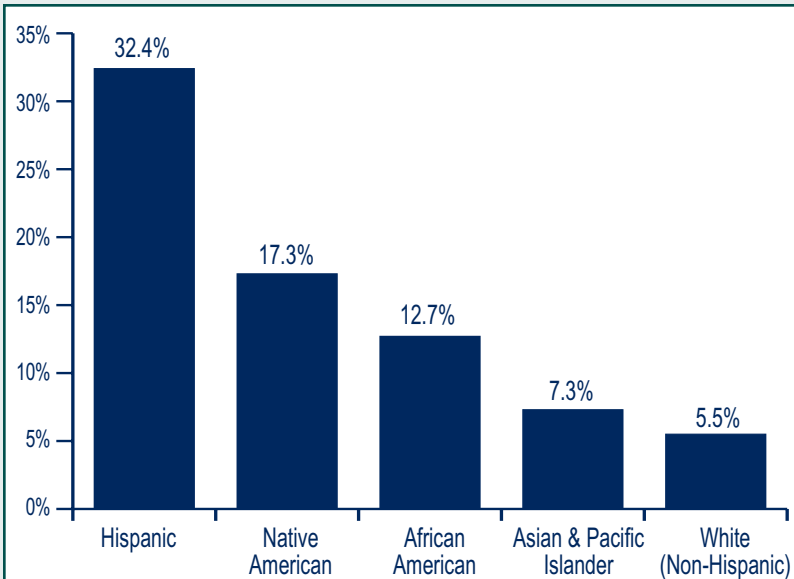
The Economically Disadvantaged

The 1998 *Washington Population Survey* suggests that over 617,000 people age 21 or older, or 16 percent of the state's adults, have household incomes below 175 percent of the poverty line.⁹ They tend to be less educated than the general population; roughly a quarter do not have a high school diploma. People of color are overrepresented; 26 percent are nonwhite. They have lower rates of employment; 54 percent were not working for pay during the survey week. Among those who were working, over one third are concentrated in sales, clerical, and food service jobs.

Citizens who are economically disadvantaged, in particular, tend to lack basic skills. Washington has thousands of citizens who lack basic skills such as high school level proficiency in math and reading, as well as the "new" basic skills of problem solving, teamwork, and communication. (See sidebar on page 33.)

Percentage Without a High School Diploma or GED

Washington Population Aged 21 or Older



Source: Calculated from 1998 Washington Population Survey data.

Among the 76,000 adults receiving Temporary Aid to Needy Families (TANF) during an average month, for example, about 23 percent do not have a high school diploma or GED.¹⁰ These people have substantial needs for workplace skills and occupational training that must be satisfied before they can take advantage of the opportunities the economy will present. Evidence from national surveys suggest that education is a key determinant of wage progression. The less educated are much less likely to experience substantial growth in real earnings.¹¹

Immigrants are also disproportionately economically disadvantaged. Among Washington's native-born population aged 20 to 59, only 5 percent have less than a high school credential. About 18 percent of the foreign-born have less than a high school education. Roughly 6 percent of our native-born population have household incomes below the poverty line, while 13 percent of the foreign-born live in poverty.¹²

In addition to increasing access to education and training among targeted populations, we must also promote the creation of high-wage jobs, especially in disadvantaged regions. In rural Washington, for example, the economies are not diversified, and many workers are trapped in low-wage agricultural jobs. Among the approximately 170,000 migrant and seasonal farm workers, the median annual income is \$5,000.¹³ Labor-intensive agriculture, such as fruit and vegetable production and processing, is seasonal work, and workers suffer

unusually high unemployment rates. Over 41 percent of jobs in agriculture are classified as low-wage (paying less than \$6.50 per hour), substantially more than in any other industry.¹⁴

Women

Women have entered the labor market in increasing numbers over the last 25 years. In 1975, 47 percent of working-age women in Washington were in the labor market. By 1990, that number reached 62 percent, and it is expected to rise to 66 percent in 2010. Thereafter, even

Limitations of Poor Basic Skills

According to the 1990 State Adult Literacy Survey, between 31 and 36 percent of Washington's adults perform at the lowest 2 levels of proficiency (out of 5) in reading, math, and problem solving.¹⁵

At Level 1: Many adults are unable to respond to much of the performance-based survey. Others can only perform simple, routine tasks involving brief and uncomplicated texts and documents. For example, some can total an entry on a deposit slip, locate the time and place of a meeting on a form, and identify a piece of specific information in a brief news article.

At Level 2: Adults are able to locate information in text, make low-level inferences using printed materials, and integrate easily identifiable pieces of information. They demonstrate the ability to perform quantitative tasks that involve a single operation where the numbers are either stated or can easily be found in the text.

“The most significant demographic force in the early part of the next century will be the greying of the baby boom generation. The oldest members of that generation born between 1946 and 1964 will reach 62 in 2008, only about a decade from now. If baby boomers leave the labor force at the same rate as current social security beneficiaries, the loss in overall United States productive capacity will be great.”

Richard V. Burkhauser
Joseph F. Quinn,
paper prepared for the U.S.
Senate Subcommittee on Aging,
February 1999

though the participation rates for given age groups remain high or even increase, the *overall* participation rate for women is expected to decline because of population aging.¹⁶

Although more women are working, and there are fewer barriers to entering male-dominated fields, women’s progress has been uneven:

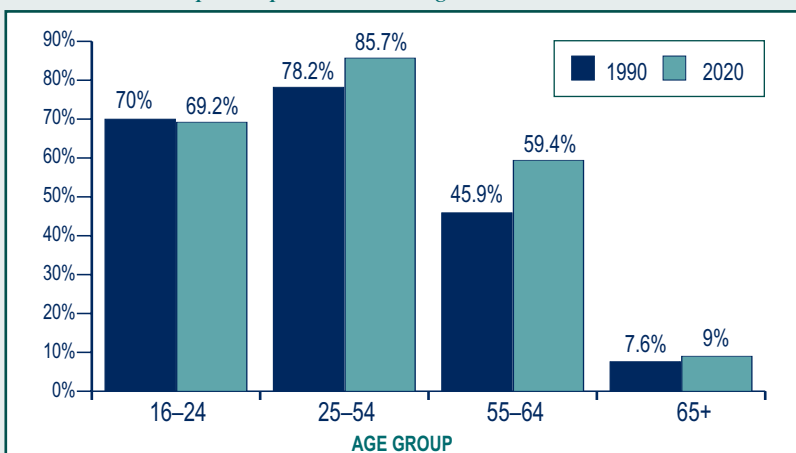
- Women are still concentrated in clerical, sales, service, and light manufacturing jobs.
- Men still tend to have higher pay when women and men are in the same occupation.
- Women continue to lack access to jobs with career ladders because of occupational selection.

- Only 13 percent of participants in state-approved apprenticeship programs are women, and many programs have no female participants.¹⁷

Women who are single parents, and their children, often face economic hardships. Eighty percent of all adults receiving TANF are women.¹⁸ Fifty-three percent of children living in poverty in the state are in households that do not have both parents present.¹⁹ To the extent that women remain concentrated in occupations and industries that do not provide them with compensation sufficient to support themselves and their children or offer opportunities for advancement, these families will continue to remain within the boundaries of poverty.

Labor supply constraints for skilled occupations could sharpen the need to recruit and promote women. Employers who discourage sex stereotyping and provide “family-friendly” work environments will be more successful in recruiting and retaining the best candidates—male and female alike.

Percentage of Women Participating in the Labor Force by Age Group: 1990 and 2020
Increasing percentages of women aged 25 and older will participate in Washington’s labor market.



Source: 1999 Long-Term Economic Labor Forecast for Washington, Office of Financial Management and Employment Security Department, 1999.

People with Disabilities

People with disabilities represent another underutilized human resource. Approximately 450,000 Washingtonians age 16 to 64 have work-limiting disabilities. According to a 1996 survey of 2,500 Washington citizens with disabilities, many feel that their skills are unused and underutilized. Among the findings:

- Only 38 percent of people with disabilities have full- or part-time jobs.

- Nearly half of the people employed part-time say they want full-time work.
- About one third of those employed say that their jobs do not use their skills well.
- Transportation, family responsibilities, need for help in finding a job, and other limitations due to disabilities are what keep people from getting jobs that better use their skills.

When we fail to fully employ people with disabilities, we are losing out on a very important resource. We must work to eliminate barriers that keep people from working to their fullest potential. People with disabilities can help address the shortage of skilled workers.

Adapting to a Diverse Workforce

Washington's workforce training system must adapt to the growing diversity of the workforce. Public institutions' record in this area—from the perspectives of employees, as well as students—is mixed.

Workforce Training and Students of Color

Washington's large urban school districts have historically offered fewer vocational courses than suburban or rural school districts. Because most students of color live in large urban districts, these students lacked opportunities to explore vocational choices. In 1998, 262 African-American males completed a secondary vocational education program

in Washington.²⁰ This number suggests that some progress is being made since 1996, when the number was 211.

Postsecondary schools are performing well with regard to enrolling minority students. Among the state's community and technical colleges, people of color are enrolled at rates higher than their incidence in the general population.²¹ From 1993 to 1998, community college enrollment for students of color increased by almost 30 percent—Hispanic student enrollment increased by 87 percent. In that same period, white student enrollment dropped by 8 percent.

"We are committed to employing people with disabilities. Their perspective helps build better products. They raise awareness about how people with disabilities are equally capable. That helps break down social barriers, and it's something we see becoming more widespread because of the capabilities of the computer."

Greg Lowney,
Accessibility Director
Microsoft, September 2000

Disability Among Working-Age Adults

Of all people aged 20 to 67, 9 percent have physical, mental, or other health conditions limiting the kind or amount of work they can do. Disability rates rise with age, but substantial numbers of prime-age adults report disabilities—6 percent of those in their 30s, 9 percent in their 40s, and 14 percent in their 50s.

AGE GROUP		ESTIMATED PERCENTAGE WITH CONDITIONS THAT LIMIT WORK
	20-29	4.8%
	30-39	6.0%
	40-49	9.1%
	50-59	14.2%
	60-69	17.6%

Source: 1998 Washington State Population Survey.

Once people of color are enrolled, however, fewer complete courses of study than average.²² (But, because of minority students' higher than average initial enrollment, they still complete their courses of study in higher percentages than the general population.) Asian-American retention and completion rate is higher than that of other population groups.

In general, African-American and Native American graduates of training programs are less likely than white graduates to be employed the third quarter after completing their programs. Those who do complete a community or technical college program or a Job Training Partnership Act program have substantially lower incomes than whites who complete the same program.²³

Employing People of Color

Community and technical colleges have made progress in employing people of color. Minorities comprised almost 13 percent of full-time faculty in 1998—up from less than 10 percent in 1993, but less than the 17 percent representation in the general population. Just over 14 percent of administrators and professional staff and almost 20 percent of classified support staff are people of color. However, hires of administrative, professional, and classified staff have not kept pace with the growing diversity of students, and the ratio of staff of color to students of color has dropped for these categories in recent years.²⁴

People of color are underrepresented in the ranks of those that lead and teach in our K–12 school system. Fewer than 9 percent of all administrative, faculty, and staff positions are held by people of color. Even though 24 percent of K–12 students are of color, only 6.5 percent of teachers are.²⁵

Women in the Workforce Training System

Enrollment of females in workforce training and education, except in apprenticeship, is generally equal to or above their incidence in the population. They continue to cluster, however, in fields of study for occupations that pay less than the fields dominated by men. As a result, after training, women graduates generally have lower earnings than men.²⁶

As employees, women are well represented at all but the top levels of employment within the community and technical college system. They comprise 46 percent of full-time faculty and 56 percent of administrative positions.²⁷ Within the K–12 system, 69 percent of the teachers and 45 percent of central and unit administrators are women.²⁸

These figures paint a picture of women and people of color being able to enter the workforce training system as students and employees but not achieve the same levels of success as their white male counterparts.

The Population is Aging

The leading edge of the baby boom has entered its 50s. Before long, this largest generation in American history will swell the ranks of the retired. Already, people over age 65 constitute the fastest growing segment of the population. Washington had about 650,000 people age 65 and older in 1998, accounting for roughly 11 percent of the population. Recent forecasts suggest this number will reach 1.22 million or 16 percent of the population, by 2020.²⁹

In contrast, the relatively small number of persons born in the period following the baby boom will soon enter their prime years of labor force participation. As a result, the ratio of active to retired workers may drop from 3.4 workers for every 1 retiree in 1998, to 2.4 workers for every 1 retiree in 2020. By 2030, the ratio could drop to two workers for every retiree.³⁰

In addition to there being more retirees, the age composition of those remaining in the workforce will shift. The number of older workers in the state will rise dramatically—1 out of every 5 workers will be 55 or older by 2020, as opposed to 1 in 10 in 1990.³¹

With fewer younger workers entering the labor force, employers will increasingly need to rely on hiring older workers, and market forces are already pushing firms in this direction. (See sidebar). Moreover, there are several reasons to believe that workers will postpone full retirement in the future. Health or physical abilities are not generally a barrier to activity

until people reach their mid-70s, in any event, and the share of workers in physically demanding jobs has declined dramatically.³² Policy changes, such as the increase in the social security retirement age from 65 to 67, should also nudge the average retirement age upward. Another important potential policy change would be a federal mandate that employer pensions be age neutral, thus removing the financial penalties to working beyond a particular age.³³ Congress is looking at lifting social security penalty on earnings for

Employing Older Workers

Days Inn of America, a franchiser of hotel properties, had difficulty in hiring and retaining sufficient numbers of employees for its national reservation center. It needed to find people who could work flexible schedules, learn a sophisticated computerized reservation system, and be good salespersons. Management turned to recruiting people over age 50. A study compared workers aged 50 and older with those aged under 30 and found the following results.

- Eighty-seven percent of older workers stayed on the job for one year or longer versus thirty percent of younger workers.
- Absentee rates were much lower for older workers.
- Older workers had no difficulty learning the complicated reservations system.
- On balance, older workers cost about the same as younger workers.

Source: "Older Workers: Perception and Reality," Michael Barth, presentation to the U.S. Senate Special Committee on Aging, July 25, 1997.

“High schools should be helping all students see the relevance of their education to their individual futures and providing the opportunities students need to build the skills that will make their futures happen.”

Linda Carpenter,
President of
Washington State
Board of Education
October 2000

those over 65. New work arrangements may also be needed to encourage retired workers to return or remain in the workforce as part-time employees.

Firms are also changing their attitudes toward training for older workers. The returns to investments in older workers can be high since they often have better education levels than today's high school graduates and are less likely to switch jobs.³⁴ Older workers who regard learning as a lifelong pursuit, instead of something that ends with completion of their formal education, will be best able to profit from the tight labor market and employment offered training opportunities.

In addition, public and private training programs will need to serve the needs of older workers returning for retraining. Workforce Investment Act programs for adult and dislocated workers may begin to see a larger number of older participants and proportionately fewer young adults. The aging of the baby boom will mean that the age distribution of the disadvantaged population will shift up.³⁵

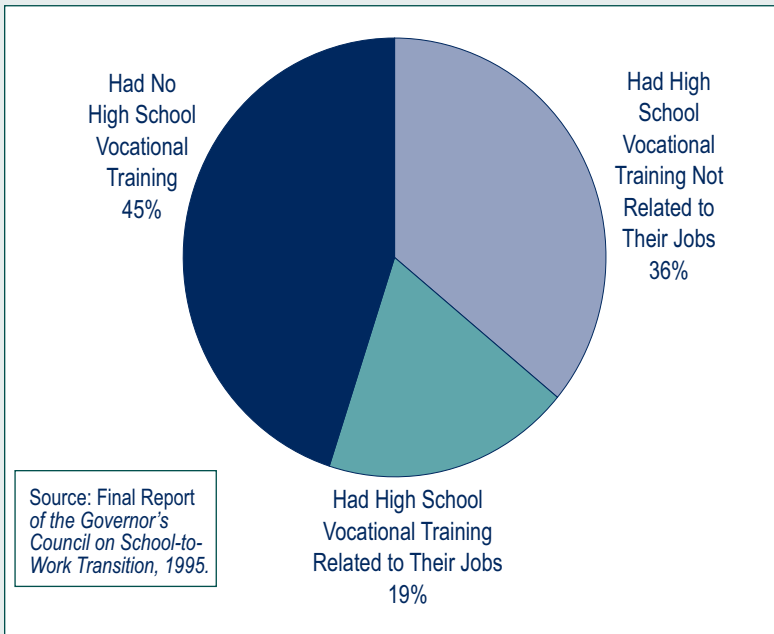
The aging of our labor force has at least two additional implications for the state's workforce needs. Because a diminishing pool of younger workers will be supporting the Social Security benefits of an ever increasing pool of retirees, it will become even more important that younger workers are employed at the highest level of their skills and earning capacity. Also, an increase in the number of employees supporting aging parents will demand more family-friendly policies in the workplace.

Youth

Another possible source for new workers will be the next cohort, the baby boom “echo,” the rapidly increasing population of young people. If the economy is to adjust successfully to an aging population, we must prepare the coming generation of young workers for full participation in the world of work. Projections show that over the next several years the state's population of 17 to 20 year-olds and 21 to 30 year-olds will increase rapidly, expanding at a high rate for the next 10 years before leveling off.³⁶ But, will these young people leave school ready to succeed at high-skill, high-wage jobs?

High School Training of Graduates Who Are Employed Following Graduation

Most employed high school graduates lack vocational training related to their jobs.



Too many young people never complete high school, and too many still emerge from high school ready neither for further education nor work. Twenty-four percent of Washington ninth graders drop out before their class graduates.³⁷ Washington's students generally rate their high schools highly in terms of providing them with reading, writing, and math skills. They give their schools poor ratings, however, for helping them see a link between school and the real world.³⁸

Only about one-sixth of graduating seniors have completed a vocational sequence. Among high school graduates who were working full- or part-time after graduation, only 19 percent had received vocational training in high school related to their job.³⁹ In a recent survey, employers were asked to assess the skills of employees who had recently completed a secondary vocational-technical education program. Employers were generally satisfied with the level of basic skills in reading, writing, and math. Roughly 35 percent, however, were not satisfied with student work habits and attitudes.⁴⁰

As a result, a large number of our young people are underutilized as workers and unable to take their places as productive, responsible, and contributing adults. Too often, students who do not immediately move on to postsecondary education after high school spend years drifting from dead-end job to dead-end job before linking with training at a community or technical college or private career school.

Implications

Now, more than ever, we must equip all our citizens with a firm foundation of basic academic and workplace skills as well the technical skills needed in the new economy. We are confronted with an increasing scarcity of skilled workers, and demographic trends will exacerbate the problem. Large segments of our population are poor, have little or no training, and have only limited prospects for wage progression. We must ensure that all of our citizens—people of color and whites, women and men, people with disabilities, the economically disadvantaged and the prosperous, young and old—are prepared and positioned for success.

Without a skilled labor force, Washington will increasingly be a society of rich people and poor people with a diminishing middle class. Citizens will find themselves unable to compete for jobs in the most profitable and competitive companies. Can we afford to have any of our workers be unemployed or underemployed for lack of skills? Not if we want to preserve the quality of life we treasure. We can't afford to waste a single individual.

*"When we set up
Snohomish County's
local Workforce
Development Council
and wrote our
strategic plan, we
did it with the next
generation in mind."*

Robert Drewel,
County Executive of
Snohomish County,
June 2000

Section Two Notes

¹ “1999 Long-Term Economic and Labor Force Forecast for Washington,” Washington State Office of Financial Management and Washington State Employment Security Department, 1999.

² *Ibid.*

³ “Population Forecasts by Race/Ethnicity, Age, and Sex,” Washington State Office of Financial Management, October 1996.

⁴ “School Enrollment Summary,” School Year 1998-99, Washington State Office of Superintendent of Public Instruction, January 1999.

⁵ Washington State Office of Superintendent of Public Instruction, 1998.

⁶ “1999 Long-Term Economic and Labor Force Forecast for Washington,” Washington State Office of Financial Management and Washington State Employment Security Department, 1999.

⁷ *Ibid.*

⁸ “Employment Situation Summary,” Bureau of Labor Statistics, 1998.

⁹ Washington State Workforce Board estimates based on data from the 1998 *Washington State Population Survey*. The poverty thresholds reflected in the data, constructed by the Washington State Office of Financial Management, are those used by the Bureau of the Census for households of different compositions.

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¹³ Washington State Migrant Council, 1998.

¹⁴ Washington State Employment Security Department, 1998.

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¹⁶ “1999 Long-Term Economic and Labor Force Forecast for Washington,” Washington State Office of Financial Management and Washington State Employment Security Department, 1999.

¹⁷ Estimated from data collected as part of *Workforce Training Results—2000*, Washington State Workforce Board, forthcoming.

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²³ *Workforce Training Results—1998*, Washington State Workforce Board, 1998.

²⁴ “Access and Success for System Goals for People of Color in Washington Community and Technical Colleges: Fifth Annual Progress Report,” Research Report No. 98-2, Washington State Board for Community and Technical Colleges, Education Division, January 1999.

²⁵ “Personnel by Major Position and Ethnicity for School Year 1998-99,” Washington State Office of Superintendent of Public Instruction, 1999.

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Section Two Notes

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³¹ “1999 Long-Term Economic and Labor Force Forecast for Washington,” Washington State Office of Financial Management and Washington State Employment Security Department, 1999.

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Today's Workforce Development System

Washington has a world class economy. Our overall growth in the past three years is the highest in decades. Economic competition, however, and the changing composition of our workforce present Washington's workforce development system with immediate and important challenges. Youth entering the work world face increasing requirements. Skill shortages are hampering the growth and productivity of businesses. Less educated workers are not sharing equally in the benefits of the recent economic boom. Many hardworking citizens have lost their jobs in traditional industries. Disadvantaged youth, persons with disabilities, farm workers, and other low-income Washingtonians are having difficulty getting a firm footing on the ladder of economic advancement.

Washington has been a national leader in developing strategies to improve the quality of the workforce. We have established the most extensive programs in the nation for retraining dislocated workers. We are implementing a broad-based WorkSource system of one-stop delivery of employment and training related services in order to reduce duplication and provide customer friendly access to needed services. We have conducted comprehensive planning and program evaluations.

— Continued —

But more needs to be done. Governor Gary Locke issued Executive Order 99-02 and directed the Workforce Board to “work with business, labor, local workforce development councils, and state operating agencies to develop goals, objectives, and strategies to address the following challenges:

1. Closing the gap between the need of employers for skilled workers and the supply of Washington residents prepared to meet that need.
2. Enabling workers to make smooth transitions so that they may benefit fully from the new, changing economy by developing a coherent dislocated worker strategy that includes incumbent worker training.
3. Assisting disadvantaged youth, persons with disabilities, new labor market entrants, recent immigrants, and low-wage workers in moving up the job ladder during their lifetimes by developing a wage progression strategy for low-income workers. Specific progress should be made in improving operating agencies and reducing the earnings gap facing people of color, adults with disabilities, and women.

This chapter describes the current workforce system and the resources currently available to address our challenges and continue our momentum.

System Planning and Evaluation

The Workforce Training and Education Coordinating Board

The economic and demographic imperatives for workforce development have created a need for a systemwide approach to strategic planning and accountability. The Workforce Board, in partnership with the operating agencies, private career schools and colleges, and local workforce development councils:

- Develops and maintains a state strategic plan for workforce development.
- Ensures that operating plans of agencies that administer the programs of the state workforce development system are consistent with the state strategic plan.
- Designs and implements a performance management system for workforce development.

Other responsibilities of the Workforce Board include licensing private career schools, administering the federal vocational education act, promoting coordination programs among workforce training and education programs at the state and regional levels, assessing the workforce training and education needs of employers and workers, coordinating with economic development, and advocating for the workforce training and education system to meet the needs of employers and workers.

System Funding

*The following table reflects recent annual resources
by program. Funding varies from year to year.*

Programs	State	Federal	Public Funding*	Percentage of Total
EMPLOYMENT SERVICES				2.23%
Wagner-Peyser		\$15,341,000	\$15,341,000	2.23%
CLOSING THE SKILL GAP				64.92%
• Secondary Vocational-Technical Education	\$219,651,000		\$219,651,000	32.00%
• Federal Vocational Education—Secondary		\$9,653,000	\$9,653,000	1.41%
• School-to-Work Transition		\$4,300,000	\$4,300,000	.62%
• Postsecondary Vocational-Technical Education at Community and Technical Colleges	\$198,695,000		\$198,695,000	28.94%
• Federal Vocational Education —Postsecondary		\$12,364,000	\$12,364,000	1.80%
• Private Career Schools**				
• Apprenticeship Program (Administration only***)	\$1,037,000		\$1,037,000	.15%
INCUMBENT & DISLOCATED WORKERS				6.31%
• Job Skills Program	\$567,000		\$567,000	.08%
• Dislocated Workers Program (WIA Title I-B****)		\$13,906,000	\$13,905,000	2.03%
• Worker Retraining Program	\$28,835,000		\$28,835,000	4.20%
WAGE PROGRESSION				26.54%
• Disadvantaged Adult Training Program (WIA Title I-B)		\$18,909,000	\$18,909,000	2.75%
• Adult Education and Basic Skills	\$93,207,000	\$4,764,000	\$97,971,000	14.27%
• Volunteer Tutor Coordination Program	\$247,000		\$247,000	.04%
• Even Start Family Literacy Program		\$1,725,000	\$1,725,000	.25%
• Employment and Training for Migrant Seasonal Farm Workers		\$1,805,000	\$1,805,000	.26%
• Youth Activities Program (WIA Titles I-B)		\$19,327,000	\$19,327,000	2.82%
• Division of Vocational Rehabilitation	\$7,486,000	\$27,659,000	\$35,145,000	5.12%
• Services for the Blind	\$1,407,000	\$5,603,000	\$7,010,000	1.02%
Total Public Funds	\$551,132,000	\$135,355,000	\$686,487,000	100%

* Public funding as reported on page iv of the Workforce Board's *Workforce Development Directory, 2000*.

** Private career schools are not appropriated public funds; students are eligible, however, to receive financial aid.

*** The bulk of funding for apprenticeship programs is private and comes from Joint Apprenticeship Training Trust Funds, funded by both workers and employers.

**** Funding for the Dislocated Worker Program was about 40 percent lower than the previous year.

Programs of the state's workforce development system focus on employment, education, and training for jobs that do not require a baccalaureate degree—the education and training that prepares individuals for 75 percent of all jobs.

The workforce development system includes secondary vocational education, community and technical college vocational programs, apprenticeships, programs funded under the Workforce Investment Act (WIA) Title I-B, activities funded under the Wagner-Peyser Act, programs for adult literacy, the Worker Retraining Program, the Job Skills Program, private career schools, employer-provided training, and work-related services provided by the Division of Vocational Rehabilitation, and the Department of Services for the Blind. The workforce development system, as defined in the Governor's executive order, encompasses 18 state and federal programs, hundreds of education institutions and training providers, and thousands of students, workers, and employers.

Local Workforce Development Councils

Under Executive Order 99-02, the Governor called for the establishment of local workforce development councils in 12 areas of the state to serve as local workforce investment boards under WIA. The Governor has directed these local councils to:

- Develop a local unified plan for workforce development, including a strategic plan, an operating plan for WIA Title I-B, and other program operating plans consistent with the strategic plan.
- Conduct oversight of the WorkSource system and promote the coordination of workforce development activities at the local level.
- Establish youth councils to coordinate services to disadvantaged youth.
- Provide for a coordinated and responsive system of outreach to employers.
- Identify eligible providers of training services.
- Assess the planning process.
- Execute a master partnership agreement with local elected officials and mandatory WorkSource partners.
- Collaborate in the development of WorkFirst service area plans.

Local councils are given flexibility within the state plan to set priorities for their area while addressing the challenges in the Governor's Executive Order. Accountability for results is a responsibility shared by the local councils and the state Workforce Board.

Service Delivery

WorkSource (the One-Stop Career Development System)

WorkSource Mission Statement

To create a system leading to full employment for the people of Washington by:

- a. *Integrating employment and training-related services so that they are easier to find and enter.*
- b. *Consolidating programs where coordination and efficiencies result.*

The cornerstone of providing improved access to employment and training services is a system that provides integrated services in “one-stop.” Washington is already well on the way to creating such user-friendly access. We call it **WorkSource**. The new approach connects the employment and training services of many different programs and makes them accessible through one point of access, in person, or electronically at **www.go2worksource.com**.

State organizations with the largest number of customers in the workforce development system have been working together with representatives of business and labor to make WorkSource a success. Implementation of the system is being guided by the Executive Policy Council. The Council is led by the Employment Security Department and includes the Workforce Board, State Board for Community and Technical Colleges, Department of

Social and Health Services, Office of Superintendent of Public Instruction, Department of Labor and Industries, directors of the local workforce development councils, Association of Washington Business, the State Labor Council, and the Washington Federation of State Employees.

The Executive Policy Council established 12 WorkSource areas to bridge state planning and infrastructure with local service delivery. Focusing on the unique needs of local communities, partnerships in these areas developed business plans for implementing WorkSource, supported through funds from a federal implementation grant. Beginning this year, all WorkSource partner programs are expected to share in the costs of operating the WorkSource center system.

By July 1, 2000, the WorkSource system will be fully operating and meeting the following goals:

1. Accessible to all people and employers.
2. Focused on the needs and choices of the customers, both job-seekers and employers.
3. Providing services that are integrated.
4. Accountable for outcomes.

Required WorkSource Partners

(local areas may have additional partners)

Employment Security Department as administrator of Title I of the Workforce Investment Act (WIA), the Wagner-Peyser Act, Unemployment Insurance, Veterans' workforce programs and activities, Welfare-to-Work, Trade Adjustment Assistance, and NAFTA Transitional Adjustment Assistance activities.

State Board for Community and Technical Colleges as administrator of postsecondary vocational education activities under Carl D. Perkins Vocational and Applied Technology Education Act and adult education and literacy activities under Title II of WIA.

Division of Vocational Rehabilitation and Department of Services for the Blind as administrators of vocational rehabilitation programs authorized under Parts A and B of Title I of the Rehabilitation Act.

Area Agency on Aging or other local area representative for senior community service employment activities authorized under Title V of the Older Americans Act.

Representatives of the Following Programs Under Title I of WIA if Present in the Local Area

1. ***Job Corps***: Low-income, young adults aged 16 to 24 receive educational, vocational, and social skills training designed to help them compete in today's job market. Students are also provided with room and board, medical care, recreational activities, leadership opportunities, work experience, counseling, and placement assistance.
2. ***Native American Programs***: This WIA Title I-D program is designed to develop the academic, occupational, and literacy skills of Indian, Alaska Native, and Native Hawaiian individuals and make such individuals more competitive in the workforce in accordance with the goals and values of their communities. Grantees in Washington include the American Indian Community Center in Spokane, the Lummi Indian Business Council, the Makah Tribal council, the Puyallup Tribe of Indians, the Seattle Indian Center, the Tulalip Tribes, the Western Washington Indian Employment and Training Program in Tacoma, and the Colville Confederated Tribes.
3. ***Migrant and Seasonal Farm Worker Programs***: This WIA, Title I-D program provides job search assistance, job development, classroom training, work-based training, and support services for individuals who suffer chronic seasonal unemployment and underemployment in the agricultural industry. There are currently five regional offices in Mt. Vernon, Wenatchee, Moses Lake, Sunnyside, and Pasco.
4. ***Community Services Block Grant (employment and training activities)***: The state contracts with 31 Community Action Agencies (CAAs) who work to eliminate barriers to self-sufficiency among needful residents. Some of the plans developed by the CAAs include programs and strategies to reduce barriers to employment and help individuals find and retain jobs.
5. ***Department of Housing and Urban Development (employment and training activities)***: The Seattle Housing Authority has received a national grant for employment and training activities. Local housing authorities may also be using local funds to support tenants in gaining employment.

Universal Access to Integrated Services

All Washington residents will be able to obtain a variety of “core” services at one or more WorkSource Centers conveniently located in each of the 12 areas. Federally funded **Wagner-Peyser** employment services will be provided through these WorkSource centers. “Affiliated” sites will be electronically linked to the WorkSource Centers, and self-service stations or “Connections” are offered via the Internet to customers needing limited personal assistance. Activities will include job placement services for employers and job seekers, including unemployment insurance claimants, veterans, migrant and seasonal farm workers, and persons with disabilities. High-quality labor market information, training and retraining program information, unemployment insurance information, and information and referral for related services will be available to all.

Employers will use WorkSource to:

- Post job announcements and review resumes.
- Obtain recruitment, screening, and referral of qualified applicants.
- Receive technical assistance on labor regulations, recruitment, tax credit information, and unemployment insurance.

People seeking new or better jobs will:

- Obtain an initial assessment of their employment needs and readiness.
- Receive high-quality job counseling from professionals.
- Obtain information on available jobs.
- Post their resumes.
- View consumer reports of training provider results.

The services provided by WorkSource will address the contemporary needs and demands of employers and workers *and* take advantage of technology to improve access and quality. The WorkSource approach will make it possible to serve greater numbers of people than in the past and provide them with multiple points of entry into high-quality workforce development services.

America's Job Bank

The Employment Security Department hosts an Internet site (www.go2worksource.com) that provides a link to a nation-wide public electronic network called *America's Job Bank*. After a simple on-line registration, job seekers can enter their resumes in a nationally-linked “talent bank”; access regional, state, and national labor market information; and conduct job searches for job openings from here to Maine. Registered employers have many options: they can ask local staff to search for job applicants and/or use the “America's Job Bank” electronic system to directly post their job orders, read date-managed resumes in the talent bank, and customize future searches. These developments are essential to meeting the challenge of improving customer services and are key self-service features of the state's WorkSource system.

WorkSource services will include high-quality labor market information. Washington's Interactive Labor Market Access (WILMA) is an easy-to-use electronic system for accessing information on the state's job market. WILMA is available on CD-ROM or through the Internet at **www.wilma.org**. WILMA provides a wealth of information on employment projections, occupational descriptions, wage rates, industry-level employment data, and other labor force data. Users can select their labor market area (using computer maps) and then customize their search by identifying local employers who employ people with particular skills. By July 1, 2000, WILMA will include "consumer reports" with information on program completion and employment and wage rates of those who have received similar training in the past at **www.jobtrainingresults.org**.

Workforce Development Programs

The following describes workforce development agencies and their programs and strategies listed by the three challenges in the Governor's Executive Order.

Challenge 1

Closing the Skills Gap

K-12 System

Overall policy for K-12 school systems is set by the **State Board of Education** (SBE), whose members are elected by local school board members. SBE's executive officer is the Superintendent of Public Instruction, an elected state

official who administers the **Office of Superintendent of Public Instruction** (OSPI). The Academic Achievement and Accountability Commission has recently been established to oversee the state's K-12 accountability system. Locally elected school boards set K-12 policy at the district level. Districts with approved high school vocational education programs are required to have general advisory councils and a program advisory committee for each vocational program. Composed of representatives of business and labor, these councils and committees help schools match their programs to the needs of local industry.

Building a Performance-Based System Through K-12 Education Reform

The education we offer students in our primary and secondary schools provides a critical foundation for learning throughout their lives. It must provide the high level of academic skills students will need as adults, as citizens, and as employers and employees.

In Washington, we are building a foundation of success for all children and youth through the high standards of academic achievement called for in Washington's Performance-Based Education Act of 1992 and the Education Reform Act of 1993. The education reform legislation set the following four goals for student learning:

- **Goal 1:** Read with comprehension, write with skill, and communicate effectively and responsibly in a variety of ways and settings.

- **Goal 2:** Know and apply core concepts and principles of mathematics, social, physical, and life sciences; civics and history; geography; arts; and health and fitness.
- **Goal 3:** Think analytically, logically, and creatively; and to integrate experience and knowledge to form reasoned judgments and solve problems.
- **Goal 4:** Understand the importance of work and how performance, effort and decisions directly affect future career and educational opportunities.

Students will be required to demonstrate their knowledge and abilities in the basic academic subjects of reading, writing, communications, mathematics, and science as they progress through the K-12 system. Future plans are to add requirements for demonstrating competency in the additional subjects of social studies, the arts, and health and fitness. Students who pass assessments of these academic competencies at the high school level (demonstrating proficiency on the Washington Assessment of Student Learning—"WASL") are to be awarded a Certificate of Mastery. The Certificate of Mastery is a requirement for high school graduation, but not the only requirement. SBE will determine what else should be required for graduation.

Rethinking High Schools

In the knowledge-based economy of today, secondary education will provide a critical first step in preparing students with the understandings stated in Goal 4. As *all* students work to achieve the Certificate of Mastery, *individual* students will want to pursue their unique educational and career goals. High schools around the state are reexamining how they structure their curricula to prepare students for a full range of options after high school, whether they want to go from high school to full-time employment, apprenticeship, postsecondary vocational education, baccalaureate institutions, or something else.

For virtually all students, whatever option they take upon leaving high school will eventually lead to the workplace. Whether they enter the state's workforce as student employees, as summer workers, or as full-time entry-level employees, Washington's youth must be prepared to be productive and successful. As an increasing number of college students work part- and even full-time, the importance of basic workplace competencies also increases for all students. And general workplace skills are increasingly being demanded by businesses moving to a high performance style that demands higher teamwork and problem-solving skills from even its frontline workers. Throughout Washington, secondary educators are working to increase students' awareness of basic workplace

"By teaching students real world applications for their coursework, we show them the importance of their education and keep them in school."

U.S Senator Patty Murray
on the announcement
of continued Department
of Labor funding for
the Mid-Valley School-
to-Work project

The Four P's – Model Schools

Through a federal School-to-Work grant, the Office of Superintendent of Public Instruction is currently funding five high schools that are demonstrating ways to help organize their courses and structure to facilitate effective student transition to life beyond high school—Nooksack Valley, Pasco, Sumner, Wapato, and West Seattle. These high schools are committed to stronger relationships with business and labor, postsecondary educators, and community representatives. They are involving these partners in education to help students better understand the choices and immense opportunities that await them. While the programs at each high school reflect different points of emphasis, all are organized around the four “P’s”:

1. ***Learning Pathways*** – an organized sequence of classes and activities that contribute to preparation for occupations of a similar kind (health or business, for example).
2. ***A Learning Portfolio*** – a collection of student work and achievements used by the student to document progress along the pathway.
3. ***A Culminating Senior Project*** – a project completed by the student illustrating his or her pathway work, usually presented to a panel of community reviewers for evaluation.
4. ***A 13th-Year Plan*** – a student’s individual plan for the year after graduation, including the steps needed to accomplish the goal (completing the first classes of an articulated program, preparing to meet baccalaureate admission standards or earning industry skill certification, for example).

competencies and technical skills they will need to build and sustain a livable wage throughout their lifetime through a variety of school-to-career strategies.

The Education Reform Act of 1993 requires high schools to provide educational pathways for students. High schools are beginning to organize sequences of classes and activities that contribute to preparation for occupations of a similar kind in these educational or career pathways. Students document their progress in their chosen pathway through individual portfolios and demonstrate their acquired skills through a project or projects.

As K-12 education reform proceeds, there will be increasing attention paid to the role of high school. SBE is currently examining what students need to know and be able to do beyond the Certificate of Mastery at the time of graduation. They are exploring the development of individual plans within career pathways and the concept of a culminating senior project that demonstrates skills learned.

The new ***Academic Achievement and Accountability Commission*** will also have a very significant impact on the attention that K-12 educators pay to teaching workplace and technical skills. The Commission is charged with overseeing the K-12 accountability system and has broad authority to adopt performance goals and establish accountability measures for Washington schools.

Valuing Career and Technical Education

One important way that secondary students prepare for their working futures is through career and technical education (what is commonly called vocational-technical education). ***Career and technical education programs*** are provided in 240 school districts. In addition to state funds, federal funds through the ***Carl D. Perkins Vocational and Applied Technology Education Act*** are also used to improve vocational education programs by integrating academic and vocational education through coherent sequences of courses so that students achieve both academic and occupational competencies. Many schools are reorganizing vocational courses to integrate vocational and academic learning in educational or career pathways related to large occupational fields or industries such as Business and Marketing, Science and Agriculture, Health and Human Services, and Technology and Industry.

Vocational-Technical Education Mission Statement

Secondary vocational-technical training programs provide for the vocational interest of students and the need of industry for a skilled workforce. The program's statewide mission is to prepare all learners for successful roles in families, careers, and communities.

Currently, SBE requires that all students complete at least one occupational course. Some students complete an entire vocational sequence involving

several courses; others take a single course. The extent of vocational offerings varies significantly, however, with district size, location, administrative support, and philosophy, resulting in mixed and inconsistent experiences and opportunities for our state's high school students. OSPI is currently revising the program standards for vocational-technical education to align them with industry-based skill standards.

Nine regional ***skills centers*** operate under cooperative agreements among two or more school districts. Skills centers allow districts to share the costs of providing well-equipped and staffed sites for vocational and technical education. Skills centers clearly illustrate

Walla Walla—An Exemplary Tech-Prep Model

Walla Walla Community College and Walla Walla High School have entered into a Tech-Prep partnership that provides students the opportunity to earn community college credits in the following program areas while completing classes at the high school: Agriculture Education; Automotive Mechanics; Business Education; Industrial Technology; and Computer Technology.

Participating students are required to achieve identified competencies and maintain and present a Tech-Prep Portfolio. The portfolio includes an introductory letter, a resume, a competency profile and/or industry examination profile, examples of work, and a certificate of completion.

"If we are to meet our goal of a competitive, educated workforce, we need quality programs available 24 hours a day, 7 days a week to fit the busy schedules of working adults with families."

Richard Riley,
Secretary of Education,
August 2000

to many students, including many students at risk of dropping out of school, the direct connection between academic and technical skills and their working futures. Further, some skills centers are providing programs to recapture high school dropouts who need to complete high school, but who have difficulty returning to traditional high school campuses.

Creating Partnerships With Postsecondary Education and Training

In order to improve transitions to life after high school, schools are partnering with community and technical colleges and baccalaureate institutions to improve the coordination of secondary and postsecondary education. Running Start, Tech-Prep (2+2), College in the High School, Advanced Placement courses—all of these are examples of options increasingly available to students so they can prepare for their education after high school. Schools are also partnering with apprenticeship programs and directly with employers to enable students seeking preparation for specific kinds of employment to do so right in high school.

Postsecondary Skills Training and Retraining

Most of the students who graduate from Washington's high schools today will enroll in some form of postsecondary education or training. The largest number of graduates will attend the state's community and technical colleges.

The State Board for Community and Technical Colleges (SBCTC), a nine-member board appointed by the Governor, oversees the community and technical college system. Each college district has a board of trustees and a general advisory council and/or program advisory committees of labor and business representatives to approve, design, and modify occupational programs. Input from advisory committees is considered essential to high-quality training programs. Program advisory committees bring their industry expertise to bear in updating curricula, identifying new technologies to be obtained, and participating in the hiring of key instructors.

These colleges are the backbone of the state's adult workforce training system, providing preparation for some 200 technical and professional occupations. The state's community and technical colleges served 457,580 students from July 1, 1998 through June 30, 1999 at over 600 sites. These sites include 32 primary campuses and multiple extension sites, including branch campuses, technology centers, business centers, and state prisons. Community and technical college services are available in every county across the state. At these colleges, 42 percent of the students enroll in vocational course offerings, including job-preparatory training, related classroom instruction for apprenticeship programs, retraining for dislocated workers, and upgrading skills for those already employed. In 1998-99, 179,367 of the students at community and technical

colleges were enrolled for these workforce purposes. Besides vocational training, the other mission areas of the colleges are basic skills education, academic transfer to baccalaureate programs, and opportunities for avocational course work.

State Board for Community and Technical Colleges's Workforce Training Mission Statement

Job training and retraining programs at community and technical colleges will help students learn a full range of pre-college and basic skills, academic and technical skills they need to get high-wage jobs, and adapt to future career requirements in Washington's changing economy.

- *Colleges will work with employers, labor groups, economic development organizations, and public sector employment specialists to make sure that job training programs are relevant to local needs and enable students to get jobs close to home.*
- *The colleges will work closely with employers and labor groups to ensure their workforce training and education programs lead to job opportunities for highly trained graduates in emerging, high-wage career fields.*
- *Workforce educational training programs also will be designed to train workers in fields whose services are highly valued in society, such as health care and child care.*

- *Colleges and the college system will collaborate with public and private organizations to cover the cost of starting or revamping programs and to ensure that instructional equipment remains up-to-date.*
- *Instruction and training will be delivered in ways that meet the needs of students and employers, including short-term training at business sites.*

New Investments in Training for High-Wage, High-Demand Jobs

- In response to the Governor's request, the 1999 Legislature appropriated \$4.75 million to the Higher Education Coordinating Board to contract for 500 full-time equivalent undergraduate students in high-demand fields and programs in the 2000-2001 academic year. Participating institutions are to report on the degree of improved access to programs and successful job placements.
- The 1999 Legislature also acted on the Governor's information technology training initiative by appropriating \$5.5 million for grants (matched by industry) to secondary and postsecondary institutions for information technology and computer training. Priority was given to grants that prepare students to meet industry standards or achieve industry skill certificates.
- Community and technical colleges throughout the state have pooled their existing resources to create a \$375,000 fund to develop 20 vocational courses for distance learning. The focus of the courses will be on the high-demand fields of health, business, and technology.

High-Tech Learning Centers

The Northeast Vocational Area Cooperative is developing High-Tech Learning Centers that use an information technology skill standards-based curriculum with a module format developed by Bellevue Community College. The curriculum consists of a total of 22 modules (15 in year 1 and 7 in year 2) and covers basic computer skills, word processing, spreadsheet, database applications, graphics, presentation software, programming, networking, and more technical computer information.

Each program module includes learner program outcomes, prerequisites, estimated total teaching time, assessment activities, and outside readings and other resources. Lesson plans detail student activities, specific competencies, and previous lessons or experience essential to successfully learning the current lesson. The curriculum was developed by teachers for teachers and includes a variety of strategies related to real-life situations that the student might face in the information technology industry.

The curriculum covers five major program areas in information technology:

1. Programming
2. Networking
3. Web Authoring
4. Multimedia
5. Animation

Students receive college credit or industry certification while in high school. Future plans include having two-year technology information degrees recognized in baccalaureate institutions similar to the AA degree.

In addition to state money, federal funds from the Carl D. Perkins Act help students to obtain skills and competencies needed to work in today's technologically advanced society. The funds are also used to help colleges develop competency-based curricula and competency-driven training for instructors, counselors, and administrators.

Developing Industry-Based Skill Standards

Community and technical colleges are engaging businesses and labor to define the skills they require. These voluntary "skill standards" provide the framework for:

- Assessing training needs.
- Communicating performance expectations to employees.
- Clarifying expectations among employers, students, and educators.
- Designing curriculum that matches workplace requirements and improves the employability and productivity of students.
- Articulating with secondary programs.

Industry-defined skill standards specify what employees must know and be able to do within a particular industry and occupation thus enabling instructors to prepare students for success.

Skill standards will be the glue that holds the training system together, enabling vertical and horizontal articulation between programs.

SBCTC has organized partnerships among industry groups, two-year colleges, K-12 schools, and four-year universities to develop skill standards. Steps include:

1. Compiling employer skill requirements.
2. Convening employer/worker focus groups to determine skill relevancy to the state labor market.
3. Validating the work through representative samples of the industry.

Business/labor/education advisory committees are developing assessment tools to measure students' skill levels and are working with faculty to create curricula designed to teach to the standards. Currently, 18 different projects identifying skill standards are completed or in various stages of development: information technology, allied oral health, cosmetology, telecommunications, chiropractic technicians, manufacturing, retail/wholesale trade, natural resources technology, secondary wood products, law enforcement, food processing, audiology/hearing aid technology, early childhood education, vocational instructors, paraeducators, travel and tourism, and optician technology. Washington is also working with neighboring states to develop portable skill certificates for the retail and financial services industries.

With skill standards, programs will be able to recognize the skills of incoming participants, no matter where those skills were learned—on a job, in high school, at a two-year college, or through some other public or private program. Instructors will not have to repeat what participants already know. And, when individuals are certified as meeting industry standards, employers will have a reliable tool by which to judge the skills of job applicants.

Apprenticeships

Studies indicate integration of classroom and on-the-job training is an effective way to teach vocational skills. An example of this type of learning has been in place for centuries—apprenticeship. Contributions from employers, journeyman workers, and apprentices fund approximately 300 apprenticeship programs, which enrolled 13,500 apprentices from December 1, 1998, through November 30, 1999. State funds support the administration of standard setting for these programs. The primary program goal is to promote the development and implementation of structured on-the-job training programs that are supplemented with related classroom instruction. These programs are designed to provide individuals with the ability to progress from entry-level to fully qualified journey-level workers. Standards for apprenticeship agreements include a progressive increase in wages over time as new skills are mastered.

The *Washington State Apprenticeship and Training Council* oversees apprenticeship training programs statewide. The Council's administrative arm is the *Apprenticeship Section* of the Department of Labor and Industries.

Apprenticeship programs are supervised by joint labor-management committees that approve curricula, monitor quality, screen and select applicants, and ensure that skills are portable. The principles of apprenticeship—learning while earning, mentorship, skill certification, and skill portability and upgrading—could be extended to many other occupations.

Private Career Schools

To obtain or upgrade the skills needed in the labor market, many Washingtonians use private sector providers of workforce training.

Private career schools are independent businesses, most of which are small and provide occupational training. They provide training at the subbaccalaureate level. A total of 230 private career schools offer diploma or certificate granting programs in Washington, providing 125 different instructional programs to 26,948 students in 1997-98. (This does not include cosmetology schools, which are licensed by the Washington State Department of Licensing.)

No public funds are appropriated for private schools, although eligible students may obtain federal grants and

loans to pay for educational expenses if the school they choose has been authorized to participate in U.S. Department of Education student aid programs. Approximately 50 private career schools are also currently approved by the Workforce Board to train eligible veterans and dependents, thus providing access to Veterans Administration educational benefits.

Private career schools are partners in the workforce training and education system, voluntarily contributing to many aspects of the system's growth and development. They gather and report annual demographic data of value to the Workforce Board's "Gap Analysis" and are active contributors to the accountability system and, beginning this year, the new "consumer reports" system.

Challenge Two

Incumbent and Dislocated Workers

Employer-Provided Training

The vast majority of Washington employers offer their employees some sort of formal training. According to a 1999 Workforce Board survey of Washington employers, on-the-job training is provided by 85 percent of all employers. Most commonly, employers provide training for their employees during the performance of their regular job duties. As an example, coworkers often teach an employee how to operate a machine while they themselves are producing a product.

Less common is employer-provided training in a classroom, workshop, or seminar setting. Over the past year 49 percent of Washington employers offered at least 4 hours of such training to their employees. Employer-provided classroom training usually addresses general workplace practices such as safety or job-specific skills. Only about 7 percent of employers offer instruction in the “basic” skills of reading, writing, and mathematics. Studies consistently reveal that managers are more likely than production or service workers to receive classroom training from their employer. On-the-job training, however, is just as likely to be received by managers and wage workers.

When asked why they don't provide classroom training, slightly more than 45 percent of employers indicated they were constrained by a lack of resources. Thirty-five percent said they are concerned about employee turnover—that is, providing skills to employees who will then leave for higher paid employment.

To provide classroom training, employers most commonly turn to a private vendor or their own personnel. Only 10 percent of all firms have an arrangement with a community or technical college, and only 4 percent have used a 4-year college or university to provide classroom training to their current workers. A substantial portion (51 percent) of employers who do not use a community or technical college say they believe the colleges do not supply the kinds of training needed by their employees. The

large majority of employers who have used a community or technical college to provide training, however, reported they were satisfied with the training (48 percent were very satisfied, and 45 percent were somewhat satisfied).

Overall, employer-provided classroom training is on the rise. In the last 3 years, 38 percent of Washington employers increased the number of employees they trained. Almost all other employers held the number steady.

Informal learning in the workplace is also an important training element for incumbent workers. Informal learning is not the result of employer-designed classroom training, but rather the learning that occurs informally through daily activities and the organizational structure.

Informal learning can meet individual and organizational needs, including the need for employee participation in decision-making processes in high performance work organizations. Such learning is embedded in organized work activities and varies in frequency- and quality-based on contextual factors specific to the industry, the company, and the individual. Informal learning includes information that is task-specific, as well as broad skill development (intra-personal, interpersonal, and cultural).

Customizing Training for Industry

While businesses contract directly with community and technical colleges to provide training, they can sometimes

qualify for state assistance. *The Job Skills Program* (JSP) was created by the Legislature in 1983 to bring employers who have specific training needs together with educational institutions that can provide training to meet their needs. JSP supports customized training for new employees, retraining to prevent dislocation, and training to upgrade the skills of current workers.

During the last biennium, JSP funded 24 projects, involving 21 community and technical colleges, 1 community-based organization, 1 private vocational school, 1 apprenticeship training trust, and 78 businesses throughout the state. Of the 1,585 individuals who completed training and retained employment, 951 were new employees and 634 were employees who received training to upgrade their skills.

JSP provides training for firms newly recruited to the state and supports other economic development strategies such as the spread of high performance work practices and growth in key economic sectors.

The state's investment in JSP is very modest. Before this year, Washington's program invested less in customized training than all but five states. This biennium JSP funding is increasing, but Washington still ranks last in the nation in the amount of publicly funded customized training per capita.

JSP illustrates the vital importance of connections between workforce development and economic development. Workforce training must be linked to

economic development strategies so the supply of highly skilled workers is coordinated with demand, and training investments help generate family-wage jobs. As discussed in the first chapter, Washington employers are facing a severe shortage of skilled workers. This shortage is most severe for job applicants with postsecondary vocational skills. Even counting the thousands of workers moving to Washington each year, the state training system does not supply enough workers with the job-specific skills that employers demand. This shortage is limiting the economic development of the state by curtailing productivity, production, and quality.

To improve this situation, the Governor has directed the local workforce development councils to ensure a link at the local level between workforce development and economic development activities.

Business Retention and Expansion

Sixty to eighty percent of all new jobs are created by existing businesses. Local companies are valuable resources that communities can't afford to ignore or lose. The earnings they generate multiply throughout local communities, creating new jobs, businesses, and tax revenues.

The Office of Trade and Economic Development's *Business Retention and Expansion (BRE) Program* works to retain and expand manufacturing and processing firms and to reduce the number of business failures and out-of-state expansions.

Annually, the BRE program awards five to seven competitive grants to county Economic Development Councils for local retention and expansion programs. State and local program staff identify threatened and expanding manufacturing companies and provide problem solving and other technical assistance to these firms. The program also conducts early warning/business surveys, coordinates services and resources, assesses industry issues and helps to build the capacity of local economic development councils.

The BRE program has helped retain and expand 332 manufacturing/processing firms in its 11 years, resulting in the creation or retention of over 23,000 jobs and 75 million dollars in state tax revenue. For every state dollar spent the program has retained an estimated \$14 in state revenue.

In FY 98, special focus was added for business retention in rural counties. Participating counties identify their significant businesses and industry sectors in addition to manufacturing and processes. In these projects, local economic development council staff and trained volunteers conduct in-person surveys with management from the significant companies in the county. The survey process assists local staff identify individual and community retention and expansion issues, including workforce needs. In addition to providing problem solving and technical assistance to specific firms, a community task force develops a plan to address community barriers identified by the local business.

A standardized state survey tool is used that allows state program staff to identify statewide or regional business issues.

Washington's investment in business retention and expansion is significantly less than the majority of states.

Aiding Dislocated Workers

When the federal unemployment insurance system was created, the most common cause of unemployment was reductions in demand due to the business cycle. At that time, a laid-off worker had a reasonable expectation of returning to the same job or obtaining the same type of job in another firm within about six months after the economy moved out of the bottom of the cycle.

Dislocated Workers as Defined Under the Workforce Investment Act

1. Have been terminated or laid off or have received a notice of termination or layoff from employment and are eligible for or have exhausted their unemployment compensation or determined to be attached to the workforce by a one-stop center and are unlikely to return to their previous industry or occupation.
2. Have been laid off or will be laid off as a result of a plant, facility, or enterprise closure.
3. Was self-employed, but is unemployed as a result of general economic conditions in his/her community.
4. Is a displaced homemaker.

While this is still true for some industries, layoffs in today's robust economy are increasingly due to structural changes as we move from a resource-based economy to a knowledge-based economy. Laid-off employees will not be called back by employers who have closed or moved or eliminated the need for certain types of skills. Workers who have lost these jobs often find their skills are obsolete in the rapidly changing market. Before they can become reemployed, they often need training to upgrade their skills or acquire new ones.

WIA continues funding, under ***Title I-B***, for services for dislocated workers replacing Title III of the Job Training Partnership Act (JTPA). These services include rapid response services for workers and firms facing substantial layoffs, including establishing labor-management committees and prefeasibility studies of employee ownership among other practices. Up to 25 percent of the funds are used to support rapid response services to employers and worker representatives after a business closure is announced. Under WIA, all dislocated workers are eligible for core services, such as job counseling and job availability information. They will also be able to access "intensive" services and training services when necessary to find suitable employment. Under JTPA Title III, 15,079 dislocated workers were served from July 1, 1998 through June 30, 1999.

The Worker Retraining Program supports training opportunities for dislocated workers and long-term unemployed workers at community and

technical colleges and private career schools. The program served 10,789 unemployed workers in 1998-99. The colleges provide training in basic skills and literacy, vocational education, and related or supplemental instruction for apprentices. Students who qualify for the program may receive financial assistance that can help with their tuition, as well as offset the costs of child care and transportation. After their unemployment insurance runs out, students may receive additional financial assistance to help with living expenses. Training programs must prepare students for occupations that have demonstrated employment demand for qualified workers and lead to jobs providing a living wage appropriate to the local labor market.

The 2000 Legislature enacted the ***Training Benefits Program*** that offers dislocated workers unemployment insurance benefits for up to 74 weeks (depending on their industry) while they are in retraining. Additional benefits totaling 60 million dollars are available during the 2 fiscal years ending on June 30, 2002.

Challenge Three

Wage Progression for Low-Income Workers

Removing Barriers for the Disadvantaged

The federal government has often created employment assistance programs targeted to unemployed youth and disadvantaged adults with multiple barriers to employment. The resulting

proliferation of separate programs has made it difficult for people to know what services are available for them and where they can get them. WorkSource will provide a one-stop point of access for multiple programs offering services to the disadvantaged as well as incumbent and dislocated workers.

One of the main federal programs serving the disadvantaged, JTPA Title II-A, is being replaced on July 1, 2000, with the **WIA Title I-B Adult Training Program**. While services and training targeted to low-income adults under WIA Title I-B will be accessed through the WorkSource system, such services and training may be conducted through contracts or vouchers by schools, public agencies, and community-based organizations, among other entities.

Core services, such as job counseling and job availability information, will be available for all workers, including those who are disadvantaged.

Unemployed individuals who have been unable to find jobs and those who are employed but need additional services to reach self-sufficiency will be able to access "intensive services." Intensive services include comprehensive assessments, individual counseling, employment planning, and short-term prevocational services. Third tier "training services" will be available to adults who meet intensive service eligibility but were unable to find employment through those services. Training services will be paid for using a voucher system designed to encourage

customer choice. Under JTPA Title II-A, 6,512 adults were served from July 1, 1998, through June 30, 1999.

The **Employment Security Department** (ESD) is the state administrative agency for WIA Title I-B, employment statistics, and implementation of the WorkSource service delivery system. ESD also administers the unemployment insurance program, employment services under the **Wagner-Peyser Act**, and the U.S. Department of Labor **Welfare-to-Work** program.

Employment Security

Department Mission Statement

The mission of ESD is to help people succeed throughout their working lives. ESD carries this out by supporting workers during times of unemployment, by connecting job seekers with employers who have jobs to fill, and by providing business and individuals with the information and tools they need to adapt to a changing economy.

Under WIA Title I-B, funds are also specifically provided for a Youth Program to prepare low-income youth for academic and employment success. The program assesses eligible youth from ages 14 through 21 to determine their academic and skill levels and provides service strategies as appropriate, including counseling, tutoring, adult mentoring, study skills training, instruction leading to high school completion or its equivalent, paid and unpaid work experience, occupational skills training, summer youth employment, and supportive/follow-up services. Youth aged 18 through 21 may also

enroll in the WIA Title I-B adult program. Under JTPA youth programs, a total of 3,396 youth were served in Title II-C programs from July 1, 1998, through June 30, 1999. In addition, 5,638 youth were enrolled in the 1999 Title II-B Summer Youth Program.

Increasing Adult Literacy

Adult Basic Education

Mission Statement

Washington State's Adult Basic Education system helps adults become more self-sufficient by being able to function independently, be more productive in a global economy, and exercise the rights and responsibilities of citizenship.

The **Adult and Family Literacy** program provides services and instruction in adult education and literacy services from federal and state funds, including adult basic education and literacy, family learning, workplace skills enhancement, English language instruction, civics and citizenship education, and high school and equivalency completion preparation. The program is provided by a network of organizations, including community and technical colleges, community-based organizations, correctional facilities, libraries, volunteer tutoring programs, and corporate training programs. The Adult and Family Literacy program develops the literacy skills and knowledge needed by adults to obtain and retain employment and be self-sufficient, to help their children learn and their families prosper, to complete a secondary school education or its

equivalence, and to be able to fulfill their rights and responsibilities as community members or citizens.

The **English-as-a-Second Language** (ESL) portion of the adult education and basic skills program increases the ability of eleven community and technical colleges and three community-based organizations to provide ESL and basic life skills instruction to immigrants and refugees who would not otherwise be served by existing programs. Every community and technical college in the state has a waiting list of immigrants and refugees who must learn English in order to earn a living wage.

As has been the case for the past several years, ESL activities funded with state and/or federal funds must include the skills spelled out in the Washington State Basic Skills Competencies and must also be taught in the context of Equipped for the Future. That means, all basic skills are taught in ESL and all are taught in the context most appropriate for participating learners, as well as in the contexts of community member, resident of the state, and citizen or skills needed to become a citizen.

The Washington State Plan for Adult Education and Family Literacy commits to improvement efforts to coordinate statewide entities that serve this population, to integrate such services with occupational skills training, and to provide instruction and assessment that is based on specific applied learning standards for literacy ("Equipped for the Future" or EFF standards). The work-

related portion of the state's adult education and basic skills delivery system served 26,800 adults from July 1, 1998, through June 30, 1999, including participants in the Families That Work and WorkPlace Basic Skills programs described below. However, it is estimated that approximately 90 percent of adults in need of literacy and basic skills development do not receive help.

Statewide literacy efforts are directed by the **Office of Adult Literacy** at SBCTC and advised by the **Washington Advisory Council on Adult Education**. The Council advises the Governor, SBCTC, and the Workforce Board on a variety of matters including recommendations on the development and implementation of measurable state literacy and adult education goals. The Office of Adult Literacy administers the federal Adult Education Act grant and prepares a five-year state plan for adult education.

The state funded **Families That Work** program, administered by SBCTC, assists hard-to-employ and low-wage earning parents with low basic skills in finding success at work while stabilizing their families. The program includes basic skills taught in the context of work and family management, and parenting education. The program enhances the ability of parents to assist and support their children in the learning process and increases employability for unsubsidized work. Funding for the program is now supplemented by WorkFirst funds. In 1998-99, 571 individuals participated in this program.

Federal funds support the **Even Start Family Literacy Program** administered by OSPI. This program provides interactive literacy activities between parents and children, training for parents as the primary teachers of children, parent literacy training, and age-appropriate education to prepare children for success in school. The program goal is to break the cycle of poverty and illiteracy by improving educational outcomes for low-income families.

State funds from the SBCTC budget and WorkFirst funds support the **Workplace Basic Skills** program as well. This program provides customized, on-site instruction to workers in adult basic skills and English-as-a-second language competencies. Those competencies are taught in the context of each specific work site from the perspectives of the employer and the worker. In 1998-99, 753 persons were served in this program.

The WorkFirst program has also developed a special program for its participants who have difficulty communicating in English. **The Limited-English Proficient (LEP) Pathway** blends ESL instruction (clients are placed in one of three proficiency categories to determine what services they need), job search assistance, work, or work-like activities. Those who are employed remain eligible for postemployment services. Over 60 percent of the families who need LEP services are former refugees who come to this country with intact families.

WorkFirst

WorkFirst is the state's welfare-to-work program for recipients of Temporary Assistance to Needy Families (TANF) and other low-income individuals. The Department of Social and Health Services is the lead agency for WorkFirst in partnership with the Employment Security Department, the State Board for Community and Technical Colleges, and the Office of Trade and Economic Development. WorkFirst requires TANF participants to prepare for, find, and maintain employment leading to self-sufficiency. They enter into a "personal responsibility contract" that includes an assessment of skills, prior work experience and employability and outlines the actions that will be taken to achieve the plan's goals.

In addition to the basic work search element, WorkFirst includes:

- The ***Community Jobs*** program provides temporary community-based work and skill building experience to public assistance recipients who are encountering barriers entering the regular job market. The Washington State Office of Trade and Economic Development administers the program through contracts with community-based organizations to provide local service. Services include establishing work sites and providing participants intensive supervision, personal development, and support services. Job sites are in nonprofit organizations, educational institutions, and local, state, federal, and tribal governments. Each participant agrees to an Individual Development Plan to be completed with the contractor during the job experience.
- The ***Preemployment Training*** program is the component of WorkFirst that provides participants with training prior to employment. The program consists of up to 12 weeks of intensive training for above entry-level job openings of particular employers. Students learn basic and occupational skills customized to the partner businesses. The training program standards are developed by colleges and private institutions in cooperation with the employers. The program served 1,069 people and involved over 250 companies in 1998-99.
- ***Reemploy Washington Workers*** is a voluntary, intensive eight-week job search program targeted at low-income unemployment insurance claimants who are former welfare recipients or who have never received welfare. The program includes a 30-hour job search workshop, a highly structured job search, a customized labor market portfolio, job referrals, placement activities, and post-employment services. The program also provides low-cost child care assistance for participants engaged in job search activities and a cash incentive of up to \$300 for clients who rapidly enter the labor market and are still working 12 weeks later.

From February 1999 to June 1999, 233 individuals at 6 sites were served in the pilot phase of this program. Ten additional sites were opened in July 1999.

- ***Washington Post-employment Labor Exchange (WPLEX) Program***
contacts employed WorkFirst or former WorkFirst participants by telephone in order to assist them in getting a better job or training that will provide a path to self-sufficiency. Services include case management for job retention issues, arranging on-the-job training, and providing information on obtaining a higher paying job or additional training. Over 70,000 clients have been contacted through WPLEX.

Washington State also receives a Department of Labor ***Welfare-to-Work*** grant. The program is directed at the hardest to serve among welfare recipients. Clients are primarily long-term recipients who lack a high school diploma or GED and have low reading or math skills, require substance abuse treatment, and/or have a poor work history. While emphasis is placed on serving WorkFirst participants, the program also targets the inmate population of Washington's correctional facilities and noncustodial parents. To date, 2,400 clients have enrolled.

Nontraditional Employment for Women

To the extent that women remain concentrated in occupations and industries that do not provide them with

compensation sufficient to support themselves and their children or offer opportunities for advancement, these families will continue to remain within the boundaries of poverty. Women, however, tend to enter fields of study for occupations that pay less than the fields dominated by men. For instance, only 13.3 percent of enrollees in apprenticeship programs from December 1, 1998, to November 30, 1999, were women. Providers such as Apprenticeship and Nontraditional Employment for Women and Columbia Industries have designed programs to meet this unique training need. These providers specialize in recruitment, counseling, life skills training, and job search and placement assistance to assist women interested in entering and progressing in trades careers.

Columbia Industries

Columbia Industries' Nontraditional Employment for Women (NEW) program provides training for women seeking employment in fields that are populated by less than 25 percent women. The program model provides an individualized service strategy/training plan to allow women to be competitive with men in male-dominated careers. Services include vocational assessment, career exploration, physical fitness training, preemployment technical skills training, basic skills remediation provided through an on-site private career school, job search assistance, work experience, and some on-the-job training. Short-term training/certifications can be provided.

NEW served 45 women in 1998 with an 85 percent placement rate. The average wage was \$10.31 per hour. And, 90 percent of the women kept their jobs.

Improving Earnings for the Disabled

Another challenge in improving the earnings of low-income individuals' is finding ways to increase employment, and the quality of that employment, among those who are disabled. As discussed in Chapter 2, there is high unemployment and underemployment among individuals with disabilities.

The ***Division of Vocational Rehabilitation*** (DVR) provides a full range of vocational services. Specifically, DVR determines eligibility for services, conducts a vocational assessment of interests and abilities, provides labor market information, develops an individual employment plan, assists in job search activities, makes referrals for job training services, provides physical and mental restoration services, and conducts follow-up services to people with significant disabilities. The primary objective of rehabilitation services is full-time integrated employment, although other employment outcomes, such as part-time employment, self-employment, homemaking, sheltered employment, or supported employment, can be objectives as well. DVR has recently adopted an "informed choice" policy that provides a way for clients to make reasonable decisions by comparing meaningful options and choosing one that matches their individual strengths, needs, capabilities and interests. In 1998-99, 26,000 individuals were served.

Division of Vocational Rehabilitation Mission

To enable individuals with disabilities to obtain and keep employment.

Department of Services for the Blind

The Department of Services for the Blind (DSB) administers vocational rehabilitation services for individuals with limited vision. DSB services include vocational rehabilitation, assistive technology, and job retention and employer services. Vocational rehabilitation services include determination of eligibility, assessment of interests and abilities, rehabilitation planning, training, job placement, and follow-up services. During the 1998-99 year, 967 individuals were provided services through the vocational rehabilitation program. DSB also operates the Business Enterprise Program that provides training and licensing for the operation and maintenance of vending machine/food service management facilities in public buildings. There are currently 19 operators in the Business Enterprise Program.

Department of Services for the Blind Mission

To promote the economic and social independence of people who are blind or visually impaired through employment, training, and other opportunities.

Performance Accountability

In order to meet the combined challenges of the competitive economy, and our changing labor force, and to make the best use of increasingly scarce resources, the workforce development system must continuously improve its performance. What counts are results in meeting the needs of our customers—students, job seekers, workers, and employers. The workforce development system must continuously measure results, identify areas to improve, and make the necessary improvements.

Until recently, Washington State did not have an accountability system for workforce development. What we had were separate accountability activities for many of our programs.

Because these accountability activities were developed in order to meet separate program missions and requirements, they did not add up to systemwide accountability. There were no agreed-upon measurable goals for the system as a whole and no standards for collecting consistent data from agency to agency. Often, data collection focused on inputs rather than results. Some programs did not evaluate what happened to their participants once they left their program, nor did they use program results to guide improvements. This has all begun to change.

— Continued —

Performance Management for Continuous Improvement

In January 1996, after a nearly two-year effort led by the Workforce Board and supported through the National Governors' Association, the major workforce development programs adopted the design for a new accountability system, "Performance Management for Continuous Improvement" (PMCI). Having a systemwide framework enables workforce development programs to better coordinate services to customers.

This plan takes the PMCI framework and incorporates elements newly required under the Workforce Investment Act (WIA) of 1998 and the Carl D. Perkins Vocational Education and Applied Technology Act (Carl Perkins Act) amendments of the same year. While the federal acts retain many accountability requirements connected to program silos rather than the system, we have tried to continue a system approach to accountability.

Desired Outcomes for the Workforce Development System

PMCI identifies seven desired outcomes for the workforce development system as a whole. The Workforce Board first adopted these outcomes in 1996. These outcomes focus on the difference workforce development makes in the lives of program participants, their families, and their communities. These outcomes are not static targets but conditions that should be increasingly true for all people. Results on indicators of these outcomes should be measured for the population as a whole and separately for women, people of color, and people with disabilities.

- **Competencies:** Washington's workforce possesses the skills and abilities required in the workplace.
- **Employment:** Washington's workforce finds employment opportunities.
- **Earnings:** Washington's workforce achieves a family-wage standard of living from earned income.
- **Productivity:** Washington's workforce is productive.
- **Reduced Poverty:** Washington's workforce lives above poverty.
- **Customer Satisfaction:** Workforce development participants and their employers are satisfied with workforce development services and results.

Five Basic Components of the PMCI Framework

1. Desired Outcomes and Indicators of Performance
2. Performance-Based Consequences
3. Measuring and Reporting Results
4. Continuous Quality Improvement
5. Implementation Measures

- **Return on Investment:** Workforce development programs provide returns that exceed program costs.

Workforce Development Systemwide Indicators

In order to measure Washington's progress in achieving these outcomes, PMCI includes systemwide indicators. Most of these are measures of the state's whole workforce, not just individuals who have gone through the programs. We want to know how well the whole state is doing, not just the relatively small part of our population who have been program participants.

No single quantitative measure can accurately depict the desired results for any of the desired outcomes. For example, for the outcome of employment, a low unemployment rate may seem like the best measure. However, a low unemployment rate can be created by a population exodus from an area where total employment is stagnant or falling. Therefore, to measure the desired outcome of employment, we need to measure the unemployment rate, the number of jobs created, and other variables as well.

Each variable is an indicator of how well the state is doing. Viewed in isolation they might be misleading, but together they paint a descriptive picture. By most indicators, we have made substantial improvement in recent years.

Systemwide Indicators and Most Recently Available Results

Competencies

- Percentage of Washington residents aged 25 and older who have earned a high school diploma or GED: 83.8 percent in 1990; 93.0 percent in 1998.
- Percentage of Washington residents aged 25 and older who have some postsecondary education: 55.9 percent in 1990; 64.8 percent in 1998.
- Percentage of Washington residents aged 25 and older who have earned a vocational AA degree: 4.4 percent in 1990; 4.4 percent in 1998.
- The median age of job preparatory graduates from the community and technical college system: 31.1 years in 1995-96; 31.4 years in 1997-98.
- Percentage of workforce training participants who report their job-specific skills improved a lot: 67 percent for 1995-96 participants; 69 percent for 1997-98.
- Percentage of employed former workforce training participants who report their training was related to the job held 9 months after leaving their program: 69 percent for 1995-96 participants; 64 percent for 1997-98.

Employment

- The proportion of people unemployed or underemployed (part-time involuntary) in Washington's labor force compared to the proportion in the U.S: 1.43 to 1 in 1996; 1.01 to 1 in 1997.
- The number of new jobs created in Washington per year (does not include agricultural jobs; the count for which is unavailable): 96,400 in 1997; 82,100 in 1998.
- Mean duration of unemployment in Washington compared to the U.S: 115 percent in 1997; 128 percent in 1998.
- Percentage of workforce development program participants self-reporting employment 6 to 9 months after leaving their program: 80 percent for 1995-96 participants; 83 percent for 1997-98.
- Median hourly wage of workforce development program participants 6 to 9 months after leaving their program (stated in 1999 dollars in order to control for inflation): \$8.21 for 1995-96 participants; \$9.41 for 1997-98 participants.
- Annualized quarterly earnings of workforce development program participants 6 to 9 months after leaving their program (stated in 1999 dollars in order to control for inflation): \$13,718 for 1995-96 participants; \$16,200 for 1997-98 participants.

Productivity

- Annual gross business income per worker in Washington: \$205,957 in 1998.

Poverty

- The proportion of Washington residents living below the federal poverty level compared to the proportion in the United States: .91 to 1 in 1995; .69 to 1 in 1997.

Earnings

- Mean annual earnings of Washington workers (stated in 1999 dollars in order to control for inflation): \$30,654 in 1996; \$33,778 in 1998.
- Mean hourly wages of Washington workers (includes only employment covered by unemployment insurance and stated in 1999 dollars in order to control for inflation): \$14.74 in 1996; \$16.24 in 1998.
- Percentage of Washington residents under the age of 65 who are covered by employer-provided health benefits: 67.2 percent in 1997.

Customer Satisfaction

- Percentage of former workforce training participants satisfied with program services and results: 89 percent for 1995-96 participants; 89 percent for 1997-98.
- Percentage of Washington employers satisfied with the overall quality of former training participants' work: 63 percent in 1997; 73 percent in 1999.

Return on Investment

The average ratio of training participants' net benefits (projected to aged 65) to program public costs: 9.9 to 1 for 1991-92 participants.

Common Program Outcomes and Indicators

Individual workforce development programs, such as secondary vocational-technical education, WIA Title I-B, and apprenticeship each contribute to the desired outcomes for the system. In order to measure the participant results of the programs, PMCI has identified a large number of performance indicators that can be used to measure most workforce development programs.

The Workforce Board uses the common indicators every two years in producing the report, *Workforce Training Results*. The primary purpose of the report, and the common indicators, is to inform continuous improvement in state-level policies. The list of common indicators is relatively long so that the information portrays a fairly complete picture of workforce development outcomes. All the indicators are “outcome” as opposed to “process” indicators, and all focus on outcomes for program participants. The focus is on what is good for the customers.

The common indicators and the methodology for measuring them are not permanent. They are continually evolving as we learn more from the research and as the data capacity of programs improves. The PMCI

framework endeavors to use indicators that apply, for the most part, across workforce development programs. While the goal is to have consistent indicators and methodology across programs, there remain some differences between programs due to differences in data capability. There are also some differences in the indicators between programs because of differences in the populations served and the purposes of the programs. For instance, an indicator for programs that serve dislocated workers is earnings replacement. Such an indicator does not make sense for measuring programs that provide initial workforce preparation to youth.

The methodology for measuring results relies as much as possible on administrative records as opposed to program staff or participant self-reports. This data source is used in order to enable as much consistency and objectivity across programs as possible. To measure employment and earnings, the methodology takes advantage of the unemployment insurance wage files maintained by the Employment Security Department (and the equivalent agency in other states). These files hold information on all employment covered by the unemployment insurance system—approximately 90 percent of all employment.

Another important feature of the methodology is the use of the time period of seven to nine months after a participant has left his or her program as the key period for measuring post-program results. The Workforce Board and its partner agencies have reviewed

the actual results for each post-program quarter for 3 1/2 years following program exit for 5 of the largest workforce development programs. We have found that the third post-program quarter is the best possible single representation of the programs' relative and lasting results without waiting years to obtain long-term results. Longer-term earnings results, however, will also be reported up to 2 1/2 years after program exit.

The Most Common Types of Indicators

Competencies

- a. **Educational credential attainment and industry certification:** Percentage or number of program participants leaving the program that year who were awarded the relevant educational or skill credential based on administrative records. (A participant is an individual who has demonstrated the intent to complete a sequence of program activities.)
- b. **Basic skills attainment:** Number and rate of participants leaving the program that year attaining certain basic skills gains based upon individual assessments of skill levels.
- c. **Participant perception of competencies gained:** Percentage of former participants who reported their skills improved as a result of the program as evidenced by survey responses from a sample of former participants to questions regarding selected skills.

- d. **Relatedness of training to employment:** Employment rate in the field related to occupational training as evidenced by survey responses from a sample of former participants.

Employment

- a. **Employment rate of former participants:** Percentage of former participants and the percentage of program completers with employment covered by unemployment insurance and other public administrative records during the third quarter after leaving the program combined with evidence from survey responses of former participants.
- b. **Employment or further education:** Percentage of former participants employed, in the military, or enrolled in education or training during the third quarter after leaving the program combined with evidence from survey responses of former participants.

Earnings and Reduced Poverty

- a. **Median earnings of former participants:** Median annualized earnings and median hourly wages of former participants and program completers in covered employment during the third quarter after leaving the program, based on unemployment insurance wage records.

- b. **Longer-term median earnings of former participants:** Median annual earnings of former program participants and program completers in covered employment during four consecutive quarters after leaving the program, based on unemployment insurance wage records during post-program quarters three through six and seven through ten.
 - c. **Median earnings replacement for dislocated workers:** Median of the ratio of dislocated worker participants' third quarter post-program earnings to their third quarter pre-separation earnings, based on unemployment insurance wage records.
 - d. **Poverty and "family-wage" standards of living:** Percentage of participants with earnings above the poverty level and the percentage above twice the poverty level.
 - 1. Number of individuals that former program participants' median covered earnings can support at the poverty level, based on unemployment insurance wage records during the third quarter after leaving the program.
 - 2. Percentage of former program participants who can support a family of one, a family of two, and a family of three at the poverty level, based on unemployment insurance wage records for the third quarter after leaving the program.
 - 3. Number of individuals that former participants' median covered earnings can support at twice the poverty level for a household of three during the third quarter after leaving the program.
 - e. **Employee benefits:** Percentage of former program participants who receive employer-provided health benefits and the percentage who participate in pension plans during the third quarter after leaving the program.
 - f. **Percentage of former participants receiving public assistance:** Percentage of former participants receiving TANF cash assistance during the third quarter after leaving the program based on administrative records.
 - g. **Distribution of earnings:** The distribution of former participants annualized earnings over the range of earnings of Washington workers. Measured by the percentage of former participants with annualized earnings during the third post-program quarter in each quintile of the distribution of earnings of all Washington workers with covered wages, based on unemployment insurance wage records.
- Customer Satisfaction**
- a. **Individual satisfaction** as evidenced by the percentage of a sample of former participants who report satisfaction in response to a survey.

- b. **Employer satisfaction** as evidenced by the percentage of employers who report satisfaction with new employees who are recent program completers in response to a survey.

Return on Investment

The ratio of program participants' net increase in earnings and employer-provided benefits compared to the public cost of the program, as measured by nonexperimental net-impact, cost-benefit evaluations.

State Core Indicators

State core indicators are a small subset of the common indicators that serve purposes in addition to informing continuous improvement in state level policies. Core indicators are important for motivating desired behavior by program administrators and staff and for unifying workforce development programs around common purposes. Like the rest of the common indicators, they are also important for providing consistent measures so that, for example "the percentage employed" means the same thing from one program to another.

The Workforce Board will use the state core indicators to measure results of state-wide programs such as secondary vocational-technical education in the state, the results of local workforce development councils, and the results of individual providers such as particular colleges. These are the indicators, along with federal mandatory indicators, for which the Board will set numerical

performance standards for statewide and area results. The Workforce Board will use performance against these standards to determine performance-based consequences: incentives, sanctions, or other intervention measures.

Employment or Further Education of Former Program Participants

- a. **Programs serving adults:**
Percentage of former participants with employment recorded in unemployment insurance and other administrative records during the third quarter after leaving the program combined with evidence from survey responses of former participants.
- b. **Programs serving youth:**
Percentage of former participants with employment or further education as recorded in unemployment insurance, student, and other administrative records during the third quarter after leaving the program combined with evidence from survey responses of former participants.

Earnings of Former Program Participants

- a. **Programs serving adults:** Median annualized earnings of former participants with employment recorded in unemployment insurance wage records during the third quarter after leaving the program.

- b. **Programs serving youth:** Median annualized earnings of former participants with employment recorded in unemployment insurance wage records during the third quarter after leaving the program, measured only among the former participants not enrolled in further education during the quarter.

Educational Attainment of Program Participants

Percentage or number of program participants leaving the program that year who achieved appropriate skill gains or were awarded the relevant educational or skill credential based on administrative records.

Employer Satisfaction with Former Program Participants

Percentage of employers who report satisfaction with new employees who are program completers as evidenced by survey responses.

(Note: This indicator is to be measured at the state level and is not required as an indicator for local education institutions. The Workforce Board will not survey a sufficient sample of former participants to measure satisfaction with each school or college.)

Former Participant Satisfaction

Percentage of former participants who report satisfaction with the program as evidenced by survey responses.

(Note: This indicator is to be measured at the state and area level and is not required as an indicator for local education institutions.)

Federal Core Indicators and State Additional Indicators

The federal Carl Perkins Vocational Education Act and WIA specify certain mandatory indicators of program results. Mandatory federal core indicators are different for each program. States have the discretion to identify additional state indicators. The identification of additional state indicators enables the state to have some indicators of performance that are consistent across programs and allows states to focus on results they deem truly important and informative to policymakers and program administrators alike. The above state core indicators are additional state indicators for Washington when they do not duplicate federal indicators.

Expected Levels of Performance on Core Program Indicators

The Workforce Board has identified expected levels of performance on each of the state and federal core program indicators. The federal WIA and the Carl Perkins Act refer to these standards as “adjusted levels of performance.” For the strategic and operational plans adopted by April 1, 2000, these expected levels of performance are for secondary and postsecondary vocational education, WIA Title I-B, and WIA Title II—Adult Education and Family Literacy. In future modifications of the strategic and

operational plans, additional programs of the workforce development system will be added to this process.

The Workforce Board collected and analyzed baseline data on performance for these programs for participants who completed or otherwise left their program between July 1, 1997, and June 30, 1998—program year (PY) 1998. The Board used this baseline data in order to set expected levels of performance for the future. The expected level of performance is not the same for each program. Programs serve different populations for different purposes. Programs that serve youth, for example, should not be expected to have the same performance as programs serving adults. Also, the expected increase is not the same for each indicator. Some areas of performance are more difficult to change than others. In some areas, programs are already performing at or near peak levels, so little if any improvement can be expected, while in other areas, substantial improvements can and should be made. The Workforce Board's performance targets for the future emphasize improving employer satisfaction, participant earnings, and educational attainment.

The following tables show the federal and state indicators for vocational education, WIA Title I-B, and Adult Education and Literacy and the expected levels of performance for the first three years of the plan. Later, based on actual performance under this plan and negotiations with the U.S. Departments of Education and Labor, the Workforce

Board will make any appropriate modifications in these levels and identify levels for the fourth and fifth years of the plan. The programs included here will each be operating under new federal statutes beginning July 1, 2000, plus the workforce development system as a whole will be operating under the Governor's new Executive Order 99-02. These changes may lead to unanticipated changes in performance that may require modifications of the expected levels of performance.

Local Area Performance

Strategic and Operational Performance Indicators

Local workforce development councils will use performance indicators for strategic planning for the area's workforce development system as a whole and operationally in their role as overseers of WorkSource and WIA Title I-B.

For strategic planning purposes, the Workforce Board provides local councils with performance of area programs on the common and core indicators discussed in this chapter. These performance results should inform local councils of program strengths and areas for improvement. The results will also be available to participants and stakeholders in the system. Local strategic plans will contain strategies to effect these improvements.

(continued on page 84)

S = state core indicator
F = federal core indicator
PY 98 = the program year from July 1, 1997 to June 30, 1998
Year 1 = year one of this plan, which begins July 1, 2000
(Except year one for WIA Title I-B employment and earnings indicators began October 1999.)
All dollar amounts are stated in first quarter 1999 dollars to adjust for inflation.

YOUTH		ADULTS WITH BARRIERS		ADULTS	
WIA Title I-B Youth	Secondary Voc. Ed.	Adult Basic Skills	WIA Title I-B Adults	Postsecondary Voc. Ed.	WIA Title I-B Dislocated Workers
1a. Educational Attainment Percentage of participants who obtained an appropriate credential. S	1a. Educational Attainment Percentage of completers who obtained an appropriate credential. S, F PY 98 94.8% Year 1 94.8% Year 2 94.8% Year 3 94.8%	1a. Educational Attainment Percentage of participants who obtained an appropriate credential. S, F PY 98 21.0% Year 1 21.5% Year 2 22.0% Year 3 22.5%	1a. Educational Attainment Percentage of completers who obtained an appropriate credential. S PY 98 29% Year 1 29% Year 2 32% Year 3 35%	1a. Educational Attainment Number of participants prepared for the workforce. S, F PY 98 14,544 Year 1 15,430 Year 2 16,150 Year 3 17,170	1a. Educational Attainment Percentage of participants who obtained an appropriate credential. S PY 98 28% Year 1 28% Year 2 31% Year 3 34%
1b. Credential Attainment Among former training participants, the percentage who completed education or training: (a) younger youth, (b) older youth. Measured for only those who were employed. F	1b. Nontraditional Education or Training Percentage of students who (a) participated, and who (b) completed vocational-technical education programs that lead to nontraditional employment for their gender. F a b PY 98 52% Year 1 50% 52% Year 2 51% 53% Year 3 52% 54%	1b. Literacy Gains Percentage of adults who demonstrated improvements in literacy skill levels. S, F PY 98 36.0% Year 1 37.0% Year 2 37.5% Year 3 38.0%	1b. Credential Attainment Among former training participants, the percentage who became employed and completed training. F PY 98 70% Year 1 70% Year 2 71% Year 3 72%	1b. Nontraditional Education or Training Percentage of students who (a) participated, and the percentage who (b) completed vocational-technical education programs that lead to nontraditional employment for their gender. F a b PY 98 .. 18.3% 17.6% Year 1 .. 18.8% 18.1% Year 2 .. 19.3% 18.6% Year 3 .. 19.3% 18.6%	1b. Credential Attainment Among former training participants, the percentage who became employed and competed training. F PY 98 70% Year 1 70% Year 2 71% Year 3 72%
Younger Youth Skills Attainment Percentage of skill goals set for youth aged 14-18 that are attained within one year. F	PY 98 42% Year 1 50% Year 2 60% Year 3 72%				

State and Federal Core Indicators (cont.)

S = state core indicator F = federal core indicator PY 98 = the program year from July 1, 1997 to June 30, 1998 Year 1 = year one of this plan, which begins July 1, 2000
 (Except year one for WIA Title I-B employment and earnings indicators begins October 1999.)

YOUTH		ADULTS WITH BARRIERS		ADULTS	
WIA Title I-B Youth	Secondary Voc. Ed.	Adult Basic Skills	WIA Title I-B Adults	Postsecondary Voc. Ed.	WIA Title I-B Dislocated Workers
2a. Employment or Further Education Percentage of former participants who were employed, in the military, or enrolled in education or training during the third quarter after the program (a) all youth—S; (b) younger youth—F. (Not adjusted yet by survey data.) PY 98 73.9% Year 1 74.9% Year 2 75.9% Year 3 76.9%	2. Employment or Further Education Percentage of completers who were employed, in the military, or enrolled in further education or training during the third quarter after leaving. S, F (Not adjusted yet by survey data.) PY 98 73.9% Year 1 74.9% Year 2 75.9% Year 3 76.9%	2. Employment or Further Education Percentage of former participants who were employed, in the military, or enrolled in education or training during the third quarter after leaving the program. S, F (Not adjusted yet by survey data.) PY 98 63.0% Year 1 64.0% Year 2 65.5% Year 3 67.0%	2a. Employment Percentage of former participants who were employed during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.) S (Not adjusted yet by survey data.) PY 98 69% Year 1 69% Year 2 70% Year 3 72%	2. Employment or Further Education Percentage of former participants who were employed or in further education during the third quarter after leaving the program. S, F (Not adjusted yet by survey data.) PY 98 74.6% Year 1 75.6% Year 2 75.6% Year 3 75.6%	2a. Employment Percentage of former participants who were employed during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.) S (Not adjusted yet by survey data.) PY 98 78% Year 1 78% Year 2 78% Year 3 78%
2b. Entered Employment Rate Percentage of older youth not employed at program registration who were employed during the first quarter after exiting the program. F PY 98 71% Year 1 71% Year 2 71% Year 3 72%			2b. Entered Employment Rate Percentage of participants not employed at program registration who were employed during the first quarter after exiting the program. F PY 98 74% Year 1 74% Year 2 74% Year 3 75%		2b. Entered Employment Rate Percentage of participants who were employed during the first quarter after exiting the program. F PY 98 79% Year 1 79% Year 2 79% Year 3 80%
2c. Retention in Employment Percentage of older youth who entered employment during the first quarter after exiting the program who were employed during the third post-program quarter. F PY 98 77% Year 1 77% Year 2 78% Year 3 79%			2c. Retention in Employment Percentage of participants who entered employment during the first quarter after exiting the program who were employed during the third post-program quarter. F PY 98 82% Year 1 82% Year 2 83% Year 3 84%		2c. Retention in Employment Percentage of participants who entered employment during the first quarter after exiting the program who were employed during the third post-program quarter. F PY 98 92% Year 1 92% Year 2 92% Year 3 92%

State and Federal Core Indicators

S = state core indicator		F = federal core indicator		PY 98 = the program year from July 1, 1997 to June 30, 1998 (Except year one for WIA Title I-B employment and earnings indicators began October 1999.)		Year 1 = year one of this plan, which begins July 1, 2000 (Except year one for WIA Title I-B employment and earnings indicators began October 1999.)	
YOUTH		ADULTS WITH BARRIERS		ADULTS			
WIA Title I-B Youth	Secondary Voc. Ed.	Adult Basic Skills	WIA Title I-B Adults	Postsecondary Voc. Ed.	WIA Title I-B Dislocated Workers		
<p>3a. Earnings Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.) S</p> <p>PY 98 \$6,524 Year 1 \$6,920 Year 2 \$7,680 Year 3 \$8,480</p>	<p>3. Earnings Median annualized earnings of completers during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.) S</p> <p>PY 98 \$9,516 Year 1 \$10,095 Year 2 \$10,398 Year 3 \$10,710</p>	<p>3. Earnings Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.) S</p> <p>PY 98 \$15,061 Year 1 \$16,458 Year 2 \$16,951 Year 3 \$17,460</p>	<p>3a. Earnings Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.) S</p> <p>PY 98 \$14,555 Year 1 \$15,441 Year 2 \$15,905 Year 3 \$16,382</p>	<p>3. Earnings Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.) S</p> <p>PY 98 \$19,574 Year 1 \$20,766 Year 2 \$21,389 Year 3 \$22,031</p>	<p>3a. Earnings Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education were counted for this indicator.) S</p> <p>PY 98 \$23,414 Year 1 \$23,884 Year 2 \$24,362 Year 3 \$24,850</p>		
<p>3b. Earnings Gains Difference between earnings in the second and third quarters after exit and the second and third quarters before registration for older youth. F</p> <p>PY 98 \$2,727 Year 1 \$2,900 Year 2 \$3,220 Year 3 \$3,545</p>			<p>3b. Earnings Gains Difference between earnings in the second and third quarters after exit and two quarters of preregistration earnings (based on average earnings in the four quarters before registration). F</p> <p>PY 98 \$4,121 Year 1 \$4,371 Year 2 \$4,503 Year 3 \$4,638</p>			<p>3b. Earnings Gains Ratio of earnings during the second and third quarters after exit divided by earnings in the second and third quarters before job dislocation. F</p> <p>PY 98 93% Year 1 93% Year 2 93% Year 3 93%</p>	

State and Federal Core Indicators (cont.)

S = state core indicator F = federal core indicator PY 98 = the program year from July 1, 1997 to June 30, 1998 Year 1 = year one of this plan, which begins July 1, 2000
(Except year one for WIA Title I-B employment and earnings indicators began October 1999.)

All dollar amounts are stated in first quarter 1999 dollars to adjust for inflation.

YOUTH		ADULTS WITH BARRIERS		ADULTS
WIA Title I-B Youth	Secondary Voc. Ed.	Adult Basic Skills	WIA Title I-B Adults	Postsecondary Voc. Ed. WIA Title I-B Dislocated Workers
4a. Employer Satisfaction With Former Participants Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the state level. Not calculated separately for youth, adults, or dislocated workers.) S PY 98 67% Year 2 69% Year 4 71%	4. Employer Satisfaction With Former Participants Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the state level.) S PY 98 62% Year 2 65% Year 4 69%	4. Employer Satisfaction With Former Participants Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the state level.) S PY 98 66% Year 2 68% Year 4 70%	4a. Employer Satisfaction With Former Participants Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the state level. Not calculated separately for youth, adults, or dislocated workers.) S PY 98 67% Year 2 69% Year 4 71%	4a. Employer Satisfaction With Former Participants Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the state level. Not calculated separately for youth, adults, or dislocated workers.) S PY 98 67% Year 2 69% Year 4 71%
4b. Employer Satisfaction Employer satisfaction with services they directly received as evidenced by responses to survey questions after service completion. (Not calculated separately for youth, adults, or dislocated workers.) F PY 98 59 out of 100 Year 1 61 out of 100 Year 2 63 out of 100 Year 3 65 out of 100			4b. Employer Satisfaction Employer satisfaction with services they received as evidenced by responses to survey questions after service completion. (Not calculated separately for youth, adults, or dislocated workers.) F PY 98 59 out of 100 Year 1 61 out of 100 Year 2 63 out of 100 Year 3 65 out of 100	4b. Employer Satisfaction Employer satisfaction with services they received as evidenced by responses to survey questions after service completion. (Not calculated separately for youth, adults, or dislocated workers.) F PY 98 59 out of 100 Year 1 61 out of 100 Year 2 63 out of 100 Year 3 65 out of 100

State and Federal Core Indicators

S = state core indicator F = federal core indicator PY 98 = the program year from July 1, 1997 to June 30, 1998 Year 1 = year one of this plan, which begins July 1, 2000
 (Except year one for WIA Title I-B employment and earnings indicators began October 1999.)

All dollar amounts are stated in first quarter 1999 dollars to adjust for inflation.

YOUTH		ADULTS WITH BARRIERS		ADULTS	
WIA Title I-B Youth	Secondary Voc. Ed.	Adult Basic Skills	WIA Title I-B Adults	Postsecondary Voc. Ed.	WIA Title I-B Dislocated Workers
5a. Participant Satisfaction Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program. S PY 98 94% Year 1 94% Year 2 94% Year 3 94%	5. Participant Satisfaction Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program. (Not required below the state level.) S PY 98 96% Year 1 95% Year 2 95% Year 3 95%	5. Participant Satisfaction Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program. (Not required below the state level.) S PY 98 86% Year 1 86% Year 2 86% Year 3 86%	5a. Participant Satisfaction Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program. S PY 98 89% Year 1 89% Year 2 89% Year 3 89%	5. Participant Satisfaction Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program. (Not required below the state level.) S PY 98 89% Year 2 89% Year 4 89%	5a. Participant Satisfaction Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program. S PY 98 87% Year 2 87% Year 4 87%
5b. Participant Satisfaction Participant satisfaction with services as evidenced by responses to survey questions. (Not calculated separately for youth, adults, or dislocated workers.) F PY 98 75 out of 100 Year 1 75 out of 100 Year 2 75 out of 100 Year 3 75 out of 100			5b. Participant Satisfaction Participant satisfaction with services as evidenced by responses to survey questions. (Not calculated separately for youth, adults, or dislocated workers.) F PY 98 75 out of 100 Year 1 75 out of 100 Year 2 75 out of 100 Year 3 75 out of 100		5b. Participant Satisfaction Participant satisfaction with services as evidenced by responses to survey questions. (Not calculated separately for youth, adults, or dislocated workers.) F PY 98 75 out of 100 Year 1 75 out of 100 Year 2 75 out of 100 Year 3 75 out of 100

(continued from page 78)

Under WIA, the local councils are directly responsible for the performance of WorkSource operators and WIA Title I-B. The most critical indicators of performance will be the state and federal core indicators identified in this chapter.

Expected Levels of Performance on Core Program Indicators

Each local area has expected levels of performance on each of the state and federal core indicators for WIA Title I-B. The local council, the Chief Local Elected Official(s), and the Workforce Board (on behalf of the Governor) reviewed data on the area's past performance and negotiated an agreement on what the levels of performance should be for each of the first three years of the plan period (the "adjusted levels of performance." The plans that local areas submitted to the state for final approval included "adjusted levels of performance" that the three parties agreed to and the rationale for the levels.

Adjusting for Local Conditions

The expected levels of performance for local areas depend in part on local economic and other conditions and the demographic characteristics of participants served. In order to adjust expected local levels of performance for such factors, the Workforce Board used economic and demographic data provided by ESD.

During the first year of the plan, it is expected that the Workforce Board will develop a multiple regression model for

adjusting results for local conditions. Before performance-based interventions are applied, such a model will be used to take into account changes in local conditions that could have affected performance.

WorkSource Performance

Participant Population

Local councils will also use performance information in overseeing the area WorkSource system. WorkSource participants include individuals and employers who receive services through a WorkSource Center or an affiliate site providing services funded under WIA Title I, WIA Title III (Wagner-Peyser), the federal Welfare-to-Work program, or the state's WorkFirst program's employment-related services. Participants in other programs will be counted for a particular service when the program dedicates resources for that service to WorkSource. Together, these populations will be considered the WorkSource participant population for purposes of accountability.

Staff-Assisted Services

For services that are staff-assisted participant outcomes will be measured for each of the state indicators. Participants must register for these services. The Workforce Board will supply each local council with the results on as many of the common indicators as possible and on all of the state and federal core indicators listed for WIA Title I.

Self-Service and Information Only

There are separate performance indicators for self-service and information only services and to measure the use of WorkSource. The following are these indicators.

Labor Exchange Efficiency

- Average and median duration of unemployment for those receiving unemployment insurance.
- Percentage and variety of job orders listed with WorkSource.
- Number and percentage of employers using labor exchange services within the area.
- Percentage of total workers using WorkSource services within the area.
- Percentage of unemployment insurance beneficiaries using WorkSource services in the area, other than labor exchange registration.

WorkSource System Development

- Customer perception of seamlessness.
- Number of “hits” on electronic sites by individuals.
- Number of “hits” on electronic sites by employers, and their extent of repeat use and rate of use.
- Staff perception of integration.

- Number of students, schools, and colleges that are WorkSource participants.

Self-service is critical to the success of WorkSource. If WorkSource is going to provide service to a substantial portion of the state’s workforce and employers, then it must be through self- as opposed to staff-assisted service. The Workforce Board and ESD will work with local areas to further develop self-service measures and measures of all the WorkSource indicators. In addition to the above indicators, the customer satisfaction of self-service participants will be measured. It is expected that all the measure protocols will be fully developed during the first year of this plan.

Expected Levels of Performance

During the second year of the plan, first year performances will be measured. These measurements for the state and federal core indicators will provide baseline data for the identification of expected levels of performance. Local councils, chief local elected officials, and the Workforce Board will use this baseline data to negotiate and reach agreement on expected levels of performance, beginning with participants who exit during the third year of the plan.

Training Provider Performance

During the initial year of the plan, entities eligible to provide training funded by WIA Title I-B will be those entities

grandfathered in under the Act, and providers that meet the criteria that have been in place for the Job Training Partnership Act system.

Public community and technical colleges and universities, registered apprenticeship programs, as well as private vocational schools licensed by the Workforce Board, the Higher Education Coordinating Board, the Department of the Department of Licensing, or a comparable agency within another state are presumed eligible. Also, private colleges and universities that are eligible to receive federal funds under Title IV of the Higher Education Act of 1965 are presumed eligible for Title I-B funding. For all other training providers, the local workforce development council must determine that the training provider is qualified for inclusion on the list of eligible training providers. Elements that may be considered include: financial stability, quality of instructors and administrators, quality of the facilities and training equipment, curriculum, cost, rate of student certification for a trade, job placement, wage rate at placement, and completion rate.

For the initial year of eligibility, training providers that want to be eligible to provide WIA Title I-B funded training must submit the performance information and program cost information required by the local Workforce Development Council in the area. Local councils will determine initial eligibility based on the local criteria (including compliance with the Americans With Disabilities Act), and place providers

that satisfy the criteria on a list submitted to the Workforce Board and ESD. The local councils will also forward to the state relevant performance and cost information. The Workforce Board, working with ESD, will ensure that the areas' eligible provider lists are compiled into a single statewide list for dissemination through the WorkSource system.

During the second and subsequent years, provider eligibility will depend on meeting new performance standards. By no later than April 1, 2001, the Workforce Board (on behalf of the Governor) will identify performance levels that must be achieved in order for a provider to be eligible to receive WIA Title I-B "individual training accounts." The measures used for these standards will be consistent with the measures required under the Act.

The Workforce Board is currently collecting data on training provider performance and by the middle of the second plan year will have two years of data for most providers. This data will serve as baseline information for setting standards. Training providers that meet the standards and want to place a course of study on the list of eligible providers will apply to the local council for approval. The local council may require performance levels that are in addition to the state criteria. The Workforce Board and ESD will ensure the dissemination of the state list of eligible providers via the Internet.

“Consumer Report System”

By July 1, 2000, the state will have in place a “consumer report system” of training provider results, as well as course descriptions and other key information for potential students. This information will be presented in an electronic format that is easy for customers to access and use. The website with the consumer report information, **www.jobtrainingresults.org** will be hosted by the state’s electronic labor market information system—Washington’s Interactive Labor Market Access (WILMA).

The consumer report system will present information on individual programs of study at individual institutions. For example, the network administrator program at college x. Information will include student characteristics, employment and earnings of former students, and where to learn more about the college and the program.

Performance-Based Consequences

System Level

WIA authorizes incentive funding for states that exceed the “adjusted levels of performance” in WIA Title I, adult education and family literacy, and vocational education. The amount expected to be available to a state will be in the range of \$750,000 to \$3 million. A state that achieves 100 percent on the average for all the federal core indicators for each program will be considered to have

exceeded the “adjusted levels of performance,” so long as performance does not fall below 80 percent on any indicator.

If Washington State receives such an incentive award, the Workforce Board will allocate the funds to local areas that exceeded their expected level of performance in these programs. Washington will use the same 100 percent formula for determining whether or not areas have exceeded their expected levels of performance, except that we will include performance on the state core indicators, as well as the federal core indicators. While the local councils may use the funds for any purpose authorized under any of the acts, the funds must be used for system-building activities, not activities that pertain only to a particular program, i.e., WIA Title I-B, Adult Education and Family Literacy, or Vocational Education.

Program Level

For WIA Title I-B, the state will earmark a portion of the state set-aside to reward local areas that exceed 100 percent of the average of the expected levels of performance for the state and federal core indicators. ESD will allocate these funds to local areas.

If the state fails to meet the “adjusted levels of performance” on the federal core indicators for WIA Title I-B for two consecutive years, the Department of Labor (DOL) can withhold up to 5 percent of the state’s WIA Title I-B

funds. DOL will consider states to have failed to meet the levels if performance falls below 80 percent of the target.

If a local area fails to achieve 80 percent average performance across the state and federal core indicators for WIA Title I-B, ESD will require the local council to submit either a performance improvement plan or a modified local plan to the state. If such failure continues for a second consecutive year, the Governor may require the development of a reorganization plan. If the state is sanctioned by DOL for poor performance, ESD will withhold a proportional amount of funds from local areas based on their average performance across the state and federal core indicators.

To be eligible to receive funding under WIA Title I-B, beginning July 1, 2001, all training providers must meet the performance standards established by the Workforce Board and local workforce development councils. If a training provider fails to meet the standards for any one year, the provider will not be an eligible provider of WIA Title I-B funded training for the year beginning the first quarter after the substandard performance is reported.

For vocational-technical education, the state vocational-technical education plan authorized under the Carl Perkins Act, will identify funds to be used as incentive dollars to reward strong performance. There will be two separate pots of money—one fund to be administered by the State Board for Community and Technical Colleges (SBCTC) for the

postsecondary vocational-technical education and the other to be administered by the Office of Superintendent of Public Instruction (OSPI) for the secondary vocational-technical education. These agencies will allocate the funds respectively, to colleges and school districts with strong performance as measured by the state and federal core indicators. The funds may be used only for purposes authorized under the Carl Perkins Act.

Under the Carl Perkins Act, if the state fails to meet the “adjusted levels of performance” the “state eligible agency,” which is the Workforce Board, must develop and implement a program improvement plan in consultation with OSPI, SBCTC, and other partners. If the state fails to meet the levels of performance for a second consecutive year, the U.S. Department of Education (DOE) may withhold all or a portion of Perkins funds from the state.

If the state is sanctioned by DOE for poor performance, the Workforce Board will reduce the allocation of funds to the secondary and/or postsecondary systems proportional to the sanction and to the extent that the secondary and/or postsecondary systems contributed to the poor results.

If a college or school district is not making substantial progress in achieving the expected levels of performance, SBCTC or OSPI, on behalf of the Workforce Board, will assess what is needed to overcome the performance deficiencies, approve a local improvement plan, and conduct regular evaluations of progress.

If the Workforce Board allocation of the Carl Perkins Act funds to the secondary or postsecondary system is reduced due to federal sanctions, OSPI and SBCTC will determine the resulting impact on school districts and colleges, respectively, and allocate the funds accordingly.

The Office of Adult Literacy has identified similar performance-based interventions for Adult and Family Literacy applications for the 2001-2003 biennium. Performance will be compared both to proposed outcomes and to the statewide averages for similar population subgroups.

Measuring and Reporting Results

Data Collection

The Workforce Board will provide information on the results of secondary and postsecondary vocational-technical education, WIA Title I-B, work-related adult education and family literacy and other workforce development programs, and the WorkSource one-stop system to the appropriate federal agencies, state policy-makers, and local workforce development councils. To accomplish this, the Workforce Board will ensure that participant data from each of these programs and from WorkSource are collected and matched with administrative records for the purpose of measuring the common and core indicators. The Board will also conduct participant and employer sample surveys for these programs and for WorkSource and provide area level breakdowns of the results.

The specific data source(s) for participant records for each program will be identified in the program's operating plan.

It is expected that the Customer Tracking and Accountability System (CTAS) being developed by the state's WorkSource System will serve all the data collection needs for purpose of WorkSource participant records. CTAS will record common data elements at intake, necessary program service information, and any data required on immediate placement activities so local WorkSource managers can effectively manage on a day-to-day basis. Until the system is fully operational, ESD will make modifications to existing information systems; e.g., SPIR and JobNet to record data required for WorkSource and WIA.

These common data elements, at a minimum, will be collected and recorded for all WorkSource participants who request services other than self-service or information only services.

The Workforce Board, in partnership with SBCTC, ESD, and OSPI (the Participant Outcomes Data Consortium or PODC) has developed an information application for matching participant records with administrative records, including unemployment insurance wage records and college and university student enrollment records. Matches have also been conducted with other states' administrative records. Washington will continue to use the PODC system for measuring the performance indicators that are based on administrative record matches. The PODC system will be used

Common Data Elements That Will Be Collected at Intake on Program Participants

1. Date
2. First Name
3. Last Name
4. Phone/FAX/E-mail
5. Address
6. Social Security #
7. Services Requested
8. Gender M/F
9. Limited English Y/N
10. Date of Birth
11. Disability Status—Do you have a physical or mental impairment that:
 - a. Limits the kind or amount of work you can do at a job? Y/N
 - b. Prevents you from working at a job? Y/N
12. What is your highest grade completed?
0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22+
13. What is the highest level of certification or degree you have achieved?

High school diploma	GED	Some schooling after high school but no degree or certificate
Vocational certificate/diploma	Two-year Associates Vocational degree	Two-year Associates Academic degree
Bachelors degree	Graduate degree	Other
14. With which racial group do you most closely identify? For selection of specific choices, use current U.S. Census elements.
15. Intake Location
16. Currently Employed: Y/N
17. U.S. Veteran: Y/N
18. Displaced Homemaker: Y/N
19. Out-of-School Youth: Y/N
20. Family Size
21. Receive Public Cash Assistance: Y/N

to measure results at both the provider and program levels. Using the PODC matching system will ensure that common methodological protocols are used in calculating the results of workforce development programs.

For survey-based research, the Workforce Board and its partner agencies have identified a pool of common survey questions. There are two pools of questions: one for individual participants and one for employers. The questions form the content of the Workforce Board's survey research. The questions also are a pool from which other workforce development programs and agencies may draw when surveying individuals or employers about their program experience or outcomes. The use of the common questions will help to ensure consistency in survey-based research throughout the system.

Training providers that want to offer training funded through Individual Training Accounts authorized under WIA Title I-B will be required to submit cost and participant data to the Workforce Board. The Board will use the PODC system to match the participant records against other administrative records in order to measure provider performance. Provider performance will be calculated for each field of study that the provider wants to be eligible for Title I-B funding. The Workforce Board will use this data in establishing the required levels of provider performance, discussed earlier in this chapter, for providers to be placed on the list of eligible providers for WIA Title I-B funded training.

Quarterly Results

Quarterly results on the state and federal core performance indicators that are based on administrative records will be available for WIA Title I-B and for WorkSource each quarter. The Workforce Board will report these results to local councils and to DOL, if DOL requires such reporting. These results will enable local program managers to track performance each quarter.

Annual Results

The Workforce Board will prepare the annual performance reports required under WIA Title I and the Carl Perkins Act to DOL and DOE, respectively. These reports will contain the annual results on the state and federal core performance indicators and other measures required under the federal acts.

Biennial Results

The Workforce Board will continue to publish *Workforce Training Results* every two years. This report will contain the program results on the common indicators for which data is available. The Board will present this report to the Governor and Legislature. The purpose of the report is to inform improvement in state-level policy.

Net-Impact and Cost-Benefit Results

The Workforce Board will conduct a net-impact and cost-benefit evaluation of workforce development programs every four years. The Board will report the

results to the Governor and Legislature. The purpose of the net-impact and cost-benefit report is to also inform improvement in state-level policy.

Other Evaluations

The Workforce Board will periodically conduct special evaluations of workforce development activities. These evaluations will include progress reports on meeting the goals and objectives in the State Strategic Plan and assessments of the extent to which the “drivers” identified in the Strategic Plan (objectives and strategies) affect participant results.

Continuous Quality Improvement

In 1997, Governor Locke issued Executive Order 97-03 on Quality Improvement. This Order directs:

- Each agency shall develop and implement a program to improve the quality, efficiency, and effectiveness of the public services it provides through quality improvement, business process redesign, employee involvement, and other quality improvement techniques ...
- Each agency shall evaluate the results of its quality, service, and management improvement programs including, but not limited to, leadership, information and analysis, strategic planning, human resource development and management, process improvement, business results, and customer focus and satisfaction.

Consistent with the Governor’s Executive Order and WIA’s call for continuous quality improvement, the WorkSource system should widely implement quality principles. In order to be initially certified during 1999, the state required each WorkSource Center and Affiliate Site to complete a self-assessment based upon the quality categories of the Malcolm Baldrige Criteria for Performance Excellence.

The initial self-assessment can serve as a baseline from which local areas can set goals for annual improvement. In addition to the self-assessment, WorkSource operators were required in 1999 to sign a statement that confirms a commitment to continuous quality improvement and focus on priority areas of need.

Such quality efforts are expected to continue in the future. Under WIA, each local area must provide in its local WIA Title I-B plan, “a description of how the local board will ensure the continuous improvement of eligible providers of

services through the system (the one-stop delivery system) and ensure that such providers meet the employment needs of local employers and participants.”

In order to meet this requirement, local councils are encouraged to continue to conduct annual self-assessments using a tool that uses the Baldrige Quality Criteria. The self-assessment process should involve all partner programs staff involved in WorkSource Centers.

Measurements of the business results should include the state and federal core indicators for WIA Title I.

A critical part of quality improvement is customer focus. WorkSource Centers and Affiliates should measure customer satisfaction during the time of service and at the time of exit from service. This information should be used to improve the day-to-day operation of WorkSource.

Implementation Measures

The final part of the performance accountability system is implementation measures. These are measures of our progress in implementing the strategic plan. The next chapter of the plan sets forth the key goals, objectives, and strategies for the workforce development system in Washington State for the next five years. Also identified are the key measures of progress in implementing the plan. The Workforce Board will regularly report to the Governor on the implementation measures so he may see the workforce system’s progress and hold state agencies accountable for making this plan work.

Categories of the Malcolm Baldrige Criteria for Performance Excellence

1. Leadership
2. Strategic Planning
3. Customer Focus
4. Information and Analysis
5. Human Resource Development
6. Process Management
7. Business Results

Our Agenda for Action

Our vision is a workforce development system that offers every Washingtonian access to high-quality academic and occupational skills education throughout his or her lifetime, effective help to find work or training when unemployed, and the personalized assistance to make progress in the labor market.

To make our vision a reality we must plan our journey carefully. We must have a clear map—a set of goals, objectives, and strategies—that will identify our destination and guide the programs of the workforce development system to help us get there. We must be held accountable for results in making progress. Finally, we must demonstrate commitment to the journey. The following chapter defines our goals, objectives, and strategies for the next five years and the critical measures of our success.

— Continued —

The Challenges Ahead

The last two decades have brought about a dramatic transformation in our state's economy with profound implications for the workforce. We are now living in a knowledge-based economy where the main engine of economic growth is the human mind. While the new economy has generated tremendous wealth, it has also sharpened economic disparities between the educated and the uneducated, and between urban and rural areas. Enhancing the skills of our workforce is now, more than ever, the most critical policy to ensure a productive and secure future for all Washington residents. In an age of global competition for good jobs, the places that thrive will be the places with the best educated, most innovative, and most productive people.

Recognizing the importance of a skilled workforce, Governor Locke asked the Workforce Board to address three critical challenges for the state's workforce development system. (See sidebar.)

This plan sets forth our goals, objectives, strategies, and performance measures for meeting these challenges. Meeting these three challenges also requires addressing a fourth challenge: the challenge of integrating services provided by separately-funded workforce development programs so we can provide the best possible service to our customers.

The Starting Line: What Can We Build On?

Washington already is on the way to reaching our vision.

The Three Critical Challenges

1. Closing the gap between the need of employers for skilled workers and the supply of Washington residents prepared to meet that need.
2. Enabling workers to make smooth transitions so they may fully benefit from the new, changing economy. The Workforce Board shall develop a coherent strategy for dislocated and incumbent worker training.
3. Assisting disadvantaged youth, persons with disabilities, new labor market entrants, recent immigrants, and low-wage workers in moving up the job ladder during their lifetimes by developing a wage progression strategy for low-income workers. Specific progress should be made in improving operating agencies and reducing the earnings gap facing people of color, adults with disabilities, and women.

The Washington State Employment Security Department is engaged in a collaborative effort with other state agencies and local service deliverers to provide employment services to employers and job seekers through a one-stop WorkSource system. This system will help us reduce duplication and improve efficiency, maximize flexibility with limited workforce dollars, and provide more accessible and user-friendly services. WorkSource will be the primary portal to Washington's workforce development system. Basic employment services such as labor market information, career counseling, and job search assistance will be universally available on-site at comprehensive WorkSource centers and affiliate sites and through self-service over the Internet. Beyond

such basic services, WorkSource will offer information about, and access to, a wide array of workforce development programs, including courses at community and technical colleges, private career schools, and other training providers. Fully effective on July 1, 2000, WorkSource will be our principle strategy to better coordinate employment-related services.

Beyond WorkSource, other changes, including changes in our community and technical colleges, high schools, and welfare-to-work system, are preparing the way for continued progress in other parts of our workforce development system.

- In order to coordinate workforce development policy at the local level, local elected officials have established 12 workforce development councils. These councils develop local strategic plans, coordinate local workforce development activities, link activities at the local level with economic development strategies, oversee the local WorkSource system, collaborate in developing WorkFirst service area plans, and identify quality improvements and expected levels of performance for programs.
- The State Board for Community and Technical Colleges is leading the development of skill standards through a collaborative process that includes employers, workers, and educators. The Office of Superintendent of Public Instruction is reforming vocational-technical education program standards to incorporate workplace skills and industry-based skill standards. Sixteen community colleges are applying the tech-prep model to provide immediate college credit to students for vocational-technical courses taken at their high schools.
- At the request of Governor Locke, the Legislature appropriated monies to postsecondary institutions to increase capacity in high-demand fields. Community and technical colleges have pooled existing resources to develop distance learning vocational courses with a focus on high-demand fields.
- The Legislature specifically earmarked funds to the community and technical colleges to retrain dislocated workers; a portion of these funds is targeted for customized, job-linked training. Dislocated workers will be able to receive additional weeks of unemployment insurance benefits while in retraining.
- The Office of Trade and Economic Development is working through the Business Retention and Expansion Program to retain and expand manufacturing and processing firms and to reduce the number of business closures and out-of-state expansions.
- The Employment Security Department administers a high-quality rapid response system for dislocated workers guided by strong labor/management committees.

- WorkFirst has implemented innovative strategies to help low-income workers to get jobs, retain jobs, and get better jobs, including Preemployment Training, Community Jobs, The Limited English Pathway, Reemploy Washington Workers, and WorkFirst Post Employment Labor Exchange.

But these are just some of the first steps on a long road.

Obstacles in Our Path What Must We Overcome?

We understand many of the problems and barriers facing us as we move forward toward our vision.

Too many high school students still lack motivation and support and leave school before graduating. For those who stay, it is still too likely they will graduate from high school unprepared for entry-level work and be unaware of the education and skills required by today's employers. Many students who do not immediately move on to postsecondary education after high school spend years drifting from dead-end job to dead-end job before linking with training at a community or technical college or a private career school.

Too many participants leave training programs without a meaningful credential that can convey to employers or post-secondary education what they know and are able to do. Their lack of certification that is widely accepted by a next level hinders their ability to take a nonduplicative next step.

Too often our employers are forced to search in other states, or even in other countries, for technical workers they cannot find here at home.

Skilled workers in the construction and manufacturing trades are retiring without enough apprentices in training to fill their jobs.

Despite the low rate of unemployment, workers are losing jobs and then experiencing difficulty in finding new jobs because they lack the current technical skills required by businesses striving to remain competitive.

Among the approximately 170,000 migrant and seasonal farm workers, the median annual income is \$5,000, and the median level of educational attainment is the 8th grade. Only 38 percent of people with disabilities have full- or part-time jobs.

Women remain concentrated in occupations and industries that do not provide them with compensation sufficient to support themselves and their children or offer opportunities for advancement.

Former public assistance recipients move into employment, but too often into low-wage jobs that allow little flexibility for balancing work, family, and training for advancement.

The Map for Progress: Goals and Objectives for Workforce Development

This plan sets forth four goals and ten objectives to meet the challenges identified by the Governor. They are the goals and objectives the system should work to accomplish over the next five years.

Objectives and Strategies

In order to make progress on these goals and objectives, we must move forward quickly, taking meaningful steps. In the following section, we indicate the strategies we will pursue to meet the goals and objectives and explain why we must do so. We also identify which entities are responsible for leadership to implement the strategies. Finally, we set forth the key performance measures we will use to measure our progress and success.

Challenge 1: Skills Gap

GOAL 1 ► *To close the gap between the need of the employers for skilled workers and the supply of Washington residents prepared to meet that need.*

Key Performance Measures

1.1 ► The number of community and technical college students, private career school students, and apprentices prepared for work compared to the number of net job openings for workers at that education level.

1.2 ► The number of industry skill panels that are established.

Challenge 1: Skills Gap

GOAL 1 ► *To close the gap between the need of the employers for skilled workers and the supply of Washington residents prepared to meet that need.*

OBJECTIVE 1.1 ► Create private-public partnerships to enable individuals to move up job and career ladders throughout their lives.

OBJECTIVE 1.2 ► Increase the number of young people who understand and act on career opportunities available through vocational-technical education and training programs.

OBJECTIVE 1.3 ► Increase the capacity of high schools, community and technical colleges, and apprenticeship programs to provide high-quality workforce education and training programs.

Challenge 2: Incumbent and Dislocated Worker Training

GOAL 2 ► *To enable workers to make smooth transitions so that they, and their employers, may fully benefit from the new, changing economy, by putting in place a coherent strategy for dislocated and incumbent worker training.*

OBJECTIVE 2.1 ► Expand customized incumbent worker training in order to increase economic competitiveness and prevent dislocation.

OBJECTIVE 2.2 ► Enhance business expansion and retention strategies.

OBJECTIVE 2.3 ► Establish a coherent, flexible, and accessible dislocated worker service strategy.

Challenge 3: Wage Progression

GOAL 3 ► *To assist disadvantaged youth, persons with disabilities, new labor market entrants, recent immigrants, and low-wage workers in moving up the job ladder during their lifetimes by developing a wage progression strategy for low-income workers. Specific progress will be made in improving operating agencies and reducing the earnings gap facing people of color, adults with disabilities, and women.*

OBJECTIVE 3.1 ► Keep kids in school.

OBJECTIVE 3.2 ► Assist unemployed individuals to gain and retain employment.

OBJECTIVE 3.3 ► Increase training for low income workers.

Challenge 4: Facilitate the Integration of Workforce Development Programs

GOAL 4 ► *To make the vision of WorkSource a reality so that workforce development programs are customer-friendly, broadly accessible, and fully committed to Continuous Quality Improvement.*

OBJECTIVE 4.1 ► Provide one-stop service to workforce development customers.

1.3 ► The number of secondary and post-secondary vocational-technical students who are in programs incorporating industry skill standards.

The Issue for Goal 1

Employers cannot find enough qualified job applicants to fill job openings. Of the employers who tried to hire a worker in the past 12 months, 64 percent had difficulty finding qualified job applicants with job-specific skills. Among these employers, 91 percent had difficulty finding job applicants with job-specific skills. Of the employers who had difficulty finding qualified applicants, 78 percent had difficulty finding job applicants with a post-secondary vocational diploma or certificate. An estimated 24,000 firms had difficulty finding applicants with a vocational credential, more than had difficulty finding applicants with any other type of education.

In Washington, current labor market projections indicate the greatest number of new family-wage job opportunities will be in occupations that require post-secondary education but not a four-year degree. Over the next decade, there will be 32,000 job openings per year for technicians, paralegals, health care workers, salespeople, and other occupations requiring more than a year but less than 4 years of postsecondary education or training. The state's 2-year colleges, private career schools, and apprenticeship programs, however, prepare only 21,700 such new workers per year. Even adding

people who move to Washington from other states, there is still a shortage of about 8,000 such workers per year.

The shortage of skilled labor has limited the state's economic development. Among employers who had trouble finding qualified applicants, 74 percent reported the difficulty resulted in lowered overall productivity, 67 percent said it reduced production output or sales, and 64 percent said it reduced product or service quality.

There are processes in place to enable workforce development programs to respond to employer skill needs. Vocational programs at schools and colleges have business and labor advisory committees. The community and technical colleges are partnering with industries to establish current skill standards. There is, however, no systemwide mechanism to clearly identify what employers need now and in the future and to ensure that our delivery system provides it.

Objective 1.1

Create private-public partnerships to enable individuals to move up job and career ladders throughout their lives.

Strategy 1.1.1 ► Form industry skill panels to assess emerging and declining skill needs and develop training programs that meet emerging needs.

- **Lead Organizations:** Workforce Training and Education Coordinating Board, Workforce Development Councils, Business Organizations, and State Board for Community and Technical Colleges.

- **Partner Organizations:** Office of Trade and Economic Development and Labor Organizations.

- **Customers:** Business, Workers, Students, and Workforce Development Programs.

Strategy 1.1.2 ► Provide high-quality labor market information that enables programs to respond to changes in the labor market and informs students and customers about current career opportunities.

- **Lead Organizations:** Employment Security Department and Workforce Development Councils.
- **Partner Organizations:** Workforce Training and Education Coordinating Board and State Board for Community and Technical Colleges.
- **Customers:** Students, Workers, Business, Workforce Development Programs, and Office of Trade and Economic Development.

Strategy 1.13 ► Develop modular curricula that is linked to industry skill standards.

- **Lead Organizations:** State Board for Community and Technical Colleges and its Office of Adult Literacy, and Office of Superintendent of Public Instruction.
- **Partner Organizations:** Private Career Schools.

- **Customers:** Students, Workers, Business, and Workforce Development Programs.

The Issue for Objective 1.1

In order to close the skills gap, we must have a solid foundation underlying workforce development—a basic infrastructure that can support a wide variety of industries, programs, and populations. The infrastructure must be linked to current market requirements and enable students and workers to get the skills they need when they need them.

Our community and technical college system is already taking steps in this direction. The State Board for Community and Technical Colleges is investing in development and implementation of industry-based skill standards. Skill standards consist of both “foundation skills” required for any industry and “occupational skills” needed for a particular occupation or series of occupations.

Skill standards are being developed in this state through a collaborative process among educators, employers, and workers. Some of these, such as the information technology standards developed under the leadership of Bellevue Community College, are recognized around the nation. There are currently skill standards under development in 18 industries in Washington. In addition, curriculum, assessment, and professional development projects based on skill standards are underway in post-secondary vocational education programs and 15 of the state’s 22 tech-prep

consortia. Twenty of the state's School-to-Work Transition local partnerships are on the verge of implementing skill standards as the basis for student assessment, program and curriculum applications, and teacher/staff development activities. But again, more aggressive steps are needed to make skill standards portable, applicable to more programs, and accepted within the employer community.

Too many programs do not teach to widely-recognized skill standards and do not offer a credential that is accepted by other programs and by employers. As a result, too many participants repeat lessons they already learned on a job or in another program or complete one program without acquiring the skills required for entry into the next level of training or employment. Such inefficiencies add to the time that people spend in training and out of the workforce and divert scarce resources from other areas of need. Credential portability is critical so that workers can move up job ladders throughout their careers.

Apprenticeship programs have long been based on skill standards that enable workers to obtain certificates that are recognized throughout the industry and across the nation.

On the other hand, many Job Training Partnership Act (JTPA) programs did not end in a widely accepted credential, certifying the skills that had been mastered. When an individual completed a JTPA program and applied for a job, the employer often had no easy way of

judging what that individual knew and was able to do. Similarly, for many secondary students there is no certification available of the workplace skills they have learned.

Not all secondary vocational-technical education programs are articulated with postsecondary vocational-technical education. That is, skills and knowledge learned in the secondary program are not sequenced with what is learned in the postsecondary program. Vocational programs at community and technical colleges seldom articulate with programs at four-year colleges and universities. We need 2+2+2 programs that articulate across high schools, two-year colleges, other training programs, and four-year institutions.

When fully implemented, skill standards will be the glue that holds the training system together.

Industry partnerships must do more than specify skill standards needed today. They will be a rich source of labor market information needed by program managers and faculty, workers, and students.

Industry partnerships can identify emerging and declining skill needs. They can supply labor market information that enables college and school staff to keep offerings current with changes in the economy and information to keep students and workers aware of which skills they need to obtain and which skills soon may no longer provide a living.

Industry partnerships can help educators design curricula that teaches to current skill standards. In order to meet the needs

of students, workers, and employers, curricula must increasingly be in short-term packages. This modular training must be available on an open-entry, open-exit basis so that individuals can access training at the level they need when they need it. Modular training should enable individuals to advance their wages and their career plans without spending time relearning things they already know.

Local leaders throughout Washington are examining their local economy and identifying skills associated with the critical industries and occupations in their own communities. Local workforce development leaders should support industry-led panels in critical skill clusters to assess emerging and declining skills, generate labor market information, and in partnership with colleges and schools, design modular curricula. As we will see in the next sections, local areas can use such panels for a wide variety of other strategies. Public/private partnerships with industry, both management and labor, are an essential ingredient of many of our strategies for moving the workforce development system forward.

Objective 1.2

Increase the number of young people who understand and act on career opportunities available through vocational-technical education and training programs.

Strategy 1.2.1 ► Enhance career guidance by forming partnerships with industries to market promising career opportunities.

- **Lead Organizations:** Office of Superintendent of Public Instruction, Workforce Training and Education Coordinating Board, Workforce Development Councils (Youth Councils), and Business.
- **Partner Organizations:** State Board for Community and Technical Colleges and Labor.
- **Customers:** Students and Parents, Workers, Business, and Workforce Development Programs.

Strategy 1.2.2 ► Develop secondary vocational-technical program standards linked to industry skill standards.

- **Lead Organization:** Office of Superintendent of Public Instruction.
- **Partner Organizations:** State Board for Community and Technical Colleges and Office of Trade and Economic Development.
- **Customers:** Students and Parents, Schools, Business, Labor, and Workforce Development Programs.

Strategy 1.2.3 ► Increase mentor and work-based learning opportunities for students and educators by working with the private sector.

- **Lead Organizations:** Office of Superintendent of Public Instruction, State Board for Community and Technical Colleges, and Business.

- **Partner Organizations:** Workforce Development Councils, Labor, and Workforce Training and Education Coordinating Board.
- **Customers:** Students, Educators, Business, Labor, and Workforce Development Programs.

Strategy 1.2.4 ► Create state education policies that support work-related education.

- **Lead Organizations:** Office of Superintendent of Public Instruction and Workforce Training and Education Coordinating Board.
- **Partner Organizations:** Business, Labor and Workforce Development Councils.
- **Customers:** Students, Business, Schools, and Workforce Development Programs.

The Issue for Objective 1.2

Because we lack an effective system to help high school students understand the nature of today's job market and adequately plan and prepare for their working futures while still in high school, a large number of our young people are under-employed as workers and unable to take their places as self-supporting adults.

- Students who do not immediately move on to postsecondary education after high school too often spend years drifting from dead-end job to dead-end job before linking with a vocational-technical training program

- Many students who enroll in a baccalaureate institution never complete a four-year degree.
- The average student enrolling in a community or technical college vocational program is 29 years old.
- Only 1 percent of apprentices enter their apprenticeship directly out of high school.

At the heart of the problem is the primary message we to send young people and their parents—that a four-year baccalaureate degree is the only avenue to financial success and well being. While four-year higher education institutions are critical to our civic and economic welfare, they are not the only avenues to economic success or personal satisfaction. Only 24 percent of the net job openings in the next 10 years will require a baccalaureate or graduate degree, while 39 percent will require some education or training beyond high school but not a baccalaureate degree. And, 37 percent of the job openings will provide an opportunity for students to learn on the job through entry-level positions that do not require postsecondary training.

As a first step in making informed choices, students and their parents need access to reliable information about the education and skill requirements of careers that interest them, what kinds of skills and jobs are in demand, and an opportunity to develop an individual plan for taking the steps needed for their futures beyond high school. Career guidance, however, needs substantial improvement. The

Workforce Board's 1997 survey of recent high school students found only 55 percent of former students reported receiving any form of career guidance. Crisis counseling, course scheduling, or helping students prepare applications for four-year colleges are the predominant types of school counseling. The average ratio of students to counselors in Washington high schools is approximately 400 to 1.

Our research shows females generally have lower earnings than males, even after achieving the same educational credential. The difference is largely due to their enrolling in fields of study that prepare them for lower paying occupations than the fields generally chosen by men. This demonstrates the special importance of providing girls with information about career opportunities and what those opportunities pay so they can make truly informed choices about their futures and, perhaps, take advantage of training for higher-wage fields.

High schools around the state are reexamining how they provide career guidance and structure their curricula to prepare students for a full range of options after high school. Career guidance models are being promoted in which students are planning for education beyond high school, whether they want to go into an apprenticeship, postsecondary career preparation, or baccalaureate institutions. Private career schools give three \$1,000 tuition scholarships to every Washington high school to award to graduates seeking career training at a participating private career schools. But, we need to do much more to address the labor market demand.

We need to engage in a high-level marketing campaign to sell the idea that students don't have to go to a four-year institution to secure their financial future, and that it is honorable not to. This will be an uphill battle. Marketing will need to be broad, positive, and sustained. Marketing will need to concentrate on good jobs in high-tech, construction, and other industries, and what skills they need. Concerned employers and workers in these critical industrial sectors will need to partner with counselors, teachers, and administrators in education and training institutions to shape a positive message to students and parents about opportunities for a sound economic future in an enhanced program of vocational-technical education. A 2+2+2 articulation model between high school and post-secondary education will need to be developed so students can clearly see a pathway to lifelong learning with vocational-technical education as a starting point.

Washington high schools are beginning to help all students transition from school to work and postsecondary education by organizing class sequences and activities that contribute to preparation for occupations of a similar kind in educational or career pathways. Students are documenting their progress in their chosen pathway through individual portfolios and by demonstrating their acquired skills through a project or projects. Secondary educators are working to increase student awareness of basic workplace competencies and the technical skills they will need to build a career and sustain a livable wage throughout their lifetime. Many schools are engaged in local and regional

"Businesses related to trade are the future of our global economy. I am deeply committed to education and having students understand the importance of trade in their community, their lives, and their futures."

Mic Dinsmore,
Executive Director,
Port of Seattle
October 2000

“By the time many high school students get to their senior year, they are ready to check out. They are bored, they feel unchallenged, and they are ready to move on . . . the senior year of high school seems to be a lost opportunity that we need to reclaim.”

Richard Riley,
Secretary of Education,
Annual Back to
School Address,
September 2000

school-to-work consortia, which provide mentoring, service, internships, and other work-based learning opportunities for students. The Office of Superintendent of Public Instruction (OSPI) is providing leadership for a new direction in vocational-technical education, incorporating general workplace skills and industry-based skill standards into program requirements. The “Standards Committee” of vocational-technical educators is advising OSPI in this process. Under the draft standards, to receive supplemental funding for vocational students school, districts would have to provide exploratory vocational courses that require students to demonstrate workplace skills and preparatory courses ending in certificates of competency based on industry skill standards.

As K-12 education reform moves forward, important policy decisions will be made that will have tremendous implications for whether or not high school students graduate with the ability to be successful in the labor market. The State Board of Education is currently examining what students need to know and be able to do beyond the Certificate of Mastery to graduate. It could support the concept of career pathways by ensuring all students learn within a pathway, develop an individual plan, create a portfolio of skills acquired, and produce a senior project demonstrating those skills. It could ensure graduation requirements encourage proficiency in general workplace skills, including competencies related to technology, team work, information management, resource management, and understanding systems (i.e., the SCANS skills).

The new Academic Achievement and Accountability Commission will also have a significant impact on the attention K-12 educators pay to teaching workplace and technical skills. The Commission is charged to oversee the K-12 accountability system and has broad authority to adopt performance goals and establish accountability measures for Washington State schools. The Commission could closely study goals and accountability measures for secondary schools to encourage work-related learning. They could also consider measures of post-school success such as employment or enrollment in postsecondary education.

In a landmark 1978 court case, the Washington State Supreme Court set forth the following substantive definition of the Legislature’s duty in Article 9, Section I, of the State Constitution to make ample provision for education of all children.

*... the State’s constitutional duty goes beyond mere reading, writing, and arithmetic. It also embraces the broad educational opportunities needed in the contemporary setting to equip our children for their role as citizens and as potential competitors in today’s market, as well as in the marketplace of ideas...[it] would be hollow indeed if the possessor of the right could not compete adequately in our open political system, **in the labor market**, or in the marketplace of ideas. (**emphasis added**)*

Decisions made by the State Board of Education on graduation requirements and by the Academic Achievement

and Accountability Commission on accountability measures for high schools will be critical policies to better support the preparation of K-12 students for the world of work.

Objective 1.3

Increase the capacity of high schools, community and technical colleges, and apprenticeship programs to provide high-quality workforce education and training programs.

Strategy 1.3.1 ► Partner with industries to provide facilities, faculty, and equipment in high-wage, high-demand fields such as construction and manufacturing trades, information technology, and communications.

- **Lead Organizations:** Office of Superintendent of Public Instruction, State Board for Community and Technical Colleges, Workforce Development Councils, and Business.
- **Partner Organizations:** Office of Trade and Economic Development, Private Career Schools, and Labor.
- **Customers:** Students, Business, and Workforce Development Programs.

Strategy 1.3.2 ► Expand apprenticeship training to nontraditional fields and expand apprenticeship preparation programs.

- **Lead Organizations:** Washington State Apprenticeship and Training Council, Department of Labor and Industries, and Joint Apprenticeship Committees.

- **Partner Organizations:** Employment Security Department, Workforce Training and Education Coordinating Board, Business, Labor, State Board for Community and Technical Colleges, Private Career Schools, and Workforce Development Councils.

- **Customers:** Students, Workers, Business, and Workforce Development Programs.

Strategy 1.3.3 ► Work with institutions of higher education and other organizations involved in teacher preparation to increase the number of individuals prepared to teach in high-wage, high-demand fields.

- **Lead Organizations:** Workforce Training and Education Coordinating Board, State Board for Community and Technical Colleges, and Office of Superintendent of Public Instruction.
- **Partner Organizations:** Business and Labor.
- **Customers:** Students, Business, Workers, and Workforce Development Programs.

Strategy 1.3.4 ► Highlight and replicate best practices in vocational-technical education across institutions.

- **Lead Organizations:** State Board for Community and Technical Colleges and Office of Superintendent of Public Instruction.
- **Partner Organizations:** Workforce Training and Education Coordinating Board.

- **Customers:** Students, Educators, Workers, and Business.

The Issue for Objective 1.3

Nowhere is the unmet demand for workers with technical knowledge and skills more acutely felt than in the exploding field of information technology. In 1998, Washington had more than 7,000 unfilled software industry jobs. Nearly 64,000 additional software industry workers will be needed within the next 3 years. The industry is exporting work to India and Southern California and importing 7,000 to 8,000 people per year to fill jobs here.

The scarcity of highly skilled workers is not confined to high-tech industries. The construction industry is having serious difficulty recruiting workers. During the past year, 73 percent of construction firms reported difficulty finding qualified job applicants. A recent study conducted by the Office of Port JOBS; the Worker Center of the King County Labor Council, AFL-CIO; and the Northwest Policy Center shows that demand for construction workers in the Puget Sound is increasing rapidly, putting pressure on the region's apprenticeship and apprenticeship preparation systems. The average age of workers in many skilled trades is about 50, and the average entering age is near 30. Workers are retiring without young apprentices being trained to replace them. Apprenticeship programs are not limited to the construction trades. Apprenticeship training, including earning while learning and instruction by a skilled mentor, could be expanded to many high-demand occupations.

Apprenticeship preparation programs prepare individuals to enter apprenticeships. In Washington, such programs are small and have the capacity to serve a relatively small number of participants. They operate in an uncertain funding environment, and as a result, programs move in and out of operation every year. Much of the funding is categorical, targeting specific population groups, which reduces program flexibility, as well as the ability to get to a scale that can address the skill gap meaningfully.

Information technology and construction trades are just two of the many areas of the labor market where there is a shortage of skilled labor. Over 60 percent of the firms in the manufacturing, trade, and service sectors of the economy all report they had difficulty finding qualified job applicants during the past year.

Despite this demand, community and technical college vocational program capacity has remained essentially flat during the last four years. As the result of individual decisions made by students and allocation decisions made by colleges, student growth has been in academic transfer and basic skills programs, not in vocational training.

Until 1999, there was no state-level process to match capacity in postsecondary vocational education to labor market demand. For the most part, this remains true. The Legislature appropriates monies to SBCTC to fund student FTEs. SBCTC then allocates the funds to individual colleges based on past enrollments plus growth (if funded). Neither the Legislature nor SBCTC

earmarks funding for the vocational education mission of the colleges. Funds may be used for vocational education, academic transfer education, or basic skills education. How much funding goes to each of these three mission areas is determined by the individual decisions of students and colleges. Colleges have a disincentive to offer programs in “high-wage” technical fields; programs in these fields are often expensive to start and operate due to significant investments needed in state-of-the-art equipment and instruction. It is less expensive for colleges to offer academic transfers, basic skills programs, or many of the lower-wage vocational programs.

The 1999 Legislature, as requested by Governor Locke, began earmarking some education funding to meet economic demand. The Legislature appropriated monies to postsecondary institutions to increase capacity in high-demand fields. The Legislature also established a grant program, matched by industry, to secondary and postsecondary institutions for information technology and computer training. In addition, community and technical colleges have pooled their existing resources to develop distance learning vocational courses with a focus on the high-demand fields of health, business, and technology.

There remains a wide range of capacity issues that need to be addressed in secondary and postsecondary vocational-technical education. There is a shortage of facilities with up-to-date equipment. There is inadequate space for apprenticeship programs. Colleges and schools

cannot recruit and retain the number of vocational-technical teachers needed, particularly in high-demand fields. School and college salaries cannot compete with earnings in the private sector in information technology, construction trades, and other high-demand areas, so experienced teachers leave. The state needs to explore ways to provide sufficient compensation to attract and retain qualified faculty in high-demand fields.

One place to turn to increase capacity is strong private-public partnerships. Businesses have facilities, computers and other equipment, as well as expert personnel to enhance the public resource base. Given constraints on public budgets, public programs need to seek out employers who can help increase capacity to meet labor market demand. In addition, program facilities should not lie idle when they could be put to use by other programs. Facilities should be shared between programs as appropriate.

Challenge 2: Incumbent and Dislocated Workers

GOAL 2 ► *To enable workers to make smooth transitions so that they, and their employers, may fully benefit from the new, changing economy, by putting in place a coherent strategy for dislocated and incumbent worker training.*

Key Performance Measures

2.1 ► The number of incumbent workers that receive publicly supported customized training linked to specific job needs of employers and the results of the training.

2.2 ► The ratio of dislocated workers' earnings compared to their earnings prior to dislocation (with separate targets for dislocated workers from low-wage and high-wage jobs).

2.3 ► The length of time between worker dislocation and reemployment in a suitable job.

- **Partner Organizations:** Office of Trade and Economic Development, Employment Security Department, Workforce Development Councils, Private Career Schools, Business, and Labor.
- **Customers:** Business, Workers, and Workforce Development Programs.

The Issue for Goal 2

Incumbent and dislocated worker training is part of a continuum of workforce development. By providing training to incumbent workers we will make *workers and* businesses more competitive and may prevent dislocations from taking place. Incumbent worker training can be seen as a strategy not only for business expansion but also a strategy for preventing dislocation.

Objective 2.1

Increase economic competitiveness and prevent dislocation by expanding customized incumbent worker training.

Strategy 2.1.1 ► Establish baseline data on the extent of publicly supported, customized incumbent worker training, identify funding sources to increase customized incumbent worker training, and provide incentives to both employers and employees to increase customized incumbent worker training.

- **Lead Organizations:** Workforce Training and Education Coordinating Board and State Board for Community and Technical Colleges.

The Issue for Objective 2.1

One of the most effective ways to increase the competitiveness of employers is to provide training customized to the specific needs of employers. Because such training is designed to meet specific employer needs, it increases the training's efficiency and effectiveness. Unfortunately, Washington ranks at the bottom in per capita expenditures among the 47 states with job-linked customized training. According to a 1998 National Governors' Association survey, states spend over \$575 million per year on job-linked training, an increase of approximately 20 percent from the previous year.

Based on 1998 funding, Washington was last among the 47 states in per capita support for this type of training, investing only \$558,000 per year in state dollars. The only state program to defray the cost of upgrading occupational skills of current workers is the Job Skills Program (JSP), administered by SBCTC. Employers must provide a dollar-for-dollar match for the public funds. Little of Washington's small pot of customized training dollars is spent on upgrading the

skills of incumbent workers. In comparison, other states spend an average of 52 percent of their customized training funds on incumbent workers.

For the 1999-01 biennium, SBCTC has targeted an additional \$2 million for JSP. This amount is still far below the amount spent by other states our size. Iowa, with the largest program on a per capita basis, expended \$46 million in 1997, assisting nearly 400 firms. Washington's JSP program, in the same year, helped 61.

JSP helped more firms per dollar because of the program's increasing emphasis on multifirm projects. JSP targets opportunities to serve more than one firm at a time, and to develop customized curricula linked to skill standards. The customized curricula are then made available to other providers. The development of industry skill panels, discussed under Goal 1 earlier in this chapter, can help JSP to continue to move in this direction.

Beyond JSP there are other public funds directed to job-linked customized training provided by the community and technical colleges. The colleges' Preemployment Training Program under WorkFirst also provides customized training linked to specific job openings. This program, however, does not offer any training to incumbent workers.

The colleges also contract with employers to provide customized training, often for incumbent workers, for a fee. According to the Workforce Board's 1999 survey of employers, 10 percent of Washington

businesses have an arrangement with a community or technical college to provide classroom training to their current workers. Except for the few firms supported through JSP, this was contracted training paid for entirely by the firm, not supported by state dollars. We do not know exactly how much such contracted training is provided by colleges (although survey data gives us a general picture). Such contracts are recorded by local colleges, and no central data are kept.

According to the survey results, most firms who use a community or technical college to train their current workers report they are very satisfied with the training their employees receive. Among firms who used a community or technical college for job-specific training, 48 per-cent were very satisfied and 45 percent were somewhat satisfied with the training. Among firms that did not use a community or technical college to train their incumbent workers, 37 percent said the cost would be too high. Among all firms that did not provide classroom training to their employees, more than 45 percent said that one reason was because the cost was too high.

Nationally, most estimates are that employers invest between 1 and 2 percent of payroll on employee training. In 1990, the U.S. Office of Technology Assessment concluded that employers spend about \$385 per employee per year on formal training. A 1995 survey of employers, by the U.S. Department of Labor, found that firms with 50 or more employees spend an average of \$300 per

employee per year on formal training (not including wages paid to employees while they are in training).

As Jerry Jasinowski, the President of the National Association of Manufacturers (NAM), stated:

For the United States to maintain its strong leadership position in a growing economy, industry must make greater efforts to prepare workers for the increasing challenges of the high-tech era. This may even require them to substantially increase the percentage of payroll that they currently invest in those activities.

The Board of Directors of NAM have called on all 14,300 member companies to invest 3 percent of payroll on training.

Studies have found that investments in employee training pay off in terms of increased productivity and profits. According to a 1995 study by the University of Pennsylvania, investing in the skills of workers has more than twice the impact on productivity as investing in equipment or facilities.

With a renewed sense of urgency to incumbent worker training, we must:

- Take the first step by understanding the amount and nature of publicly provided incumbent worker training that is actually occurring in our state.
- Examine the focus of existing programs in order to put more resources into incumbent worker training.

- Explore ways to better structure funds for skill training, working closely with businesses and labor on industry panels.
- Learn about business' reasons for selecting training providers and implications for program design, and we must learn what financial incentives will encourage more incumbent worker training.

Objective 2.2

Enhance business expansion and retention strategies.

Strategy 2.2.1 ► Promote workplace practices that enhance business and worker competitiveness.

- **Lead Organization:** Office of Trade and Economic Development.
- **Partner Organizations:** Business, Labor, Workforce Training and Education Coordinating Board, Workforce Development Councils, and Workforce Development Programs.
- **Customers:** Business and Workers.

Strategy 2.2.2 ► Enhance early warning system of possible dislocations and identify business and worker needs prior to layoffs.

- **Lead Organizations:** Employment Security Department, Office of Trade and Economic Development, and Workforce Development Councils.

- **Partner Organizations:** Business and Labor.
- **Customers:** Business, Workers, and Workforce Development Programs.

Strategy 2.2.3 ► Market retention services to at-risk businesses and their workers.

- **Lead Organizations:** Employment Security Department, Office of Trade and Economic Development, and Workforce Development Councils.
- **Partner Organizations:** Business and Labor.
- **Customers:** Business, Workers, and Workforce Development Programs.

The Issue for Objective 2.2

Today's businesses must be fast on their feet to survive in a constantly changing, globally competitive marketplace. Businesses wishing to expand must pursue a strategy of market flexibility and responsiveness. They must have employees who can quickly adjust production processes. Successful companies tend to share a set of traits that collectively describe a "high-performance work organization."

The Workforce Board and other agencies have partnered in research on how people learn on the job. The findings emphasize the importance of informal learning—learning that results more from workplace organization and activities than from formal training and

professional development. Informal learning meets individual and organizational needs, including the need for employee participation in decision-making processes in high-performance work organizations. Such learning is efficient because it is embedded in organized work activities. It motivates workers because it is learned in a contextual manner that enables individuals to improve job performance and to meet personal goals. We are now turning to the next stage of translating the findings into practical tools for businesses, two-year colleges, and others.

The state must become more conscious of the role that high performance work organizations and informal learning play in enabling companies to improve

Traits of a High Performance Work Organization

- A commitment to continuous improvement.
- Effective worker participation in decision making at the shop floor or frontline level.
- A high degree of integration of technology into work processes.
- Cross-functional teams responsible for customer service.
- Emphasis on training and problem solving.
- Management by coaching, planning, and facilitation, rather than enforcing.
- A culture that promotes high levels of informal learning among employees.

productivity. We need to give companies engaged in such practices credit for the jobs they retain and use what incumbent worker training we do fund to promote such practices.

While we are working to upgrade the skills of incumbent workers and enhance the competitiveness of firms within critical industries, we must pay attention to businesses that are at risk of closure.

The Office of Trade and Economic Development's Business Retention and Expansion program works to retain and expand manufacturing and processing firms and to reduce the number of business closures, failures, and out-of-state expansions that could result in significant loss of jobs. The program identifies threatened manufacturing and processing companies and provides problem solving and technical assistance to the firms. The program uses early warning/business surveys, keeps abreast of industry developments, and helps build the capacity of local economic development councils.

The program also focuses on business retention in rural counties. Participating counties identify their significant businesses and industries. A community taskforce develops a plan to address barriers identified by local business.

Washington State's investment in business retention and expansion services is significantly less than the majority of states. We need to expand services to other industries in the state

beyond manufacturing and processing. We also need to link these services with efforts to develop and upgrade worker's skills and rapid response services to firms announcing impending layoffs. Again, private-public partnerships discussed under Goal 1 could facilitate the state's business retention and expansion services and help with the linkages to workforce development.

Objective 2.3

Return unemployed workers to suitable work in as short a time as possible.

Strategy 2.3.1 ► Continue best practices such as rapid response, and labor management committees.

- **Lead Organization:** Employment Security Department.
- **Partner Organizations:** Workforce Development Councils, Labor, and the State Board for Community and Technical Colleges.
- **Customers:** Workers, Business, and Workforce Development Programs.

Strategy 2.3.2 ► Put resources up front so WorkSource frontline services are of high quality and easy for customers to use.

- **Lead Organizations:** Employment Security Department and Workforce Development Councils.
- **Partner Organizations:** WorkSource Partner Programs.

- **Customers:** Workers, Business, and Workforce Development Programs.

Strategy 2.3.3 ► Provide retraining for high-demand fields.

- **Lead Organizations:** State Board for Community and Technical Colleges.
- **Partner Organizations:** Workforce Training and Education Coordinating Board, Employment Security Department, Private Career Schools, and Workforce Development Councils.
- **Customers:** Workers, Business, and Workforce Development Programs.

Strategy 2.3.4 ► Establish a coherent, flexible, and accessible dislocated worker service strategy.

- **Lead Organization:** Governor's Office.
- **Partner Organizations:** Workforce Training and Education Coordinating Board, Employment Security Department, State Board for Community and Technical Colleges, Private Career Schools, Labor, and Workforce Development Councils.
- **Customers:** Workers, Business, and Workforce Development Programs.

The Issue for Objective 2.3

If we are successful in upgrading the skills of incumbent workers, increasing competitiveness, and retaining firms in critical industries, we will have gone a long way to prevent worker dislocation.

But worker dislocations will not disappear. Many workers will still lose jobs and experience difficulty in finding new employment at similar wages because they lack the latest skills desired by growing businesses. While unemployment in Washington has been moving downward since 1996, the number of dislocated workers has been moving upward since 1997 and that trend is forecasted to continue through 2001.

Dislocated workers (individuals terminated or laid off who are unlikely to return to employment in their previous industry because of diminishing demand for their skills) typically suffer severe negative impacts. A 1997 study of worker dislocation conducted for the Workforce Board by Westat, Inc., found that Washington workers who were dislocated around 1990 experienced a permanent loss of 15 percent of their earnings compared to similar workers who were not dislocated.

The extent of earnings loss relates directly to how long dislocated workers were with their previous employers. Long-tenured workers are more likely to experience longer spells of unemployment and their new jobs are likely to pay substantially less than their old jobs. For each year of service, earnings losses rise at a rate of between 1 and 2 percentage points. Workers who have held their job for less than a year typically regain their previous earning level, while workers who had been on their job for 20 years typically suffer a 20 to 40 percent permanent decline in earnings.

The state has continued its investment in dislocated worker training (\$57.6 million in the current biennium) through the Worker Retraining Program at community and technical colleges and private career schools. The colleges and schools provide training in basic skills and literacy, vocational education, and related or supplemental instruction for apprentices. Students who qualify for the program may receive financial assistance that can help with tuition, as well as offset the costs of child care and transportation. The 2000 Legislature enacted the Training Benefits Program that offers dislocated workers unemployment insurance benefits for up to 74 weeks (depending on their industry) while they are in retraining. Sixty million dollars in additional benefits are available during the two fiscal years ending on June 30, 2002.

The Workforce Board/Westat study found that retraining can have a substantial positive impact on worker earnings, but this impact depends on the type of training. Training for high-wage fields increases worker earnings (by an average of \$3,200 per year), while training for low-wage fields typically has a negative impact on earnings. That is, if training is in low-wage fields, dislocated workers are better off seeking immediate employment. Time spent in training is time spent out of the labor force where skills and experience can be gained on the job. To increase the net benefit of retraining, training should be in high-wage fields and provided in as short a time as possible, while still preparing workers with the skills necessary for

their new careers. There must be better career counseling prior to enrollment in training so dislocated workers make better choices to sustain their level of earnings.

The major federal program for dislocated workers, the Job Training Partnership Act Title II, becomes part of the Workforce Investment Act, Title I-B, beginning on July 1, 2000. Washington frequently uses these federal funds in tandem with the state's Worker Retraining Program. State dollars pay the cost of the actual skills training and related support services (e.g., child care), while federal dollars pay for other services. Federally funded services include rapid response services to employers and workers, providing assistance as soon as pending layoffs are known. Best practices include prefeasibility studies of options other than closures and layoffs and the establishment of labor-management committees that bring together the resources and perspectives of both parties to planning, oversight, and problem solving. Peers can bring special knowledge and better rapport to dislocated worker counseling. Federally funded services also include job search assistance such as career counseling, classes on resume writing and job interviews, and referrals to job openings.

As we transition to the new Workforce Investment Act, we must build on current successes such as rapid response and labor-management committees. We must coordinate services under the new one-stop WorkSource system to avoid wasteful duplication. Frontline services must be

high-quality and customer-friendly. Frontline workers must be skilled in dealing with people at an emotionally traumatic time in their lives and be knowledgeable in a broad array of state and federal programs and services. Relevant services must be provided in an efficient manner so time out of work is not wasted. When retraining is the appropriate response, it must be provided quickly without spending time on services that are unlikely to return workers to suitable employment. Retraining must be based on industry skill standards with modularized curricula so dislocated workers can get the new skills they need and return as productive members of the labor force. The state must have a coherent, flexible, and accessible dislocated worker service strategy. As a step in that direction, the following sidebar outlines general principles.

Challenge 3: Wage Progression for Low-Income Workers

GOAL 3 ► *To assist disadvantaged youth, persons with disabilities, new labor market entrants, recent immigrants, and other low-wage workers in moving up the job ladder during their lifetimes by developing a wage progression strategy for low-income workers. Specific progress will be made in improving operating agencies and reducing the earnings gap facing people of color, adults with disabilities, and women.*

Key Performance Measures

3.1 ► The percentage of the entering ninth grade class of common school students who graduate from high school.

General Principles for Serving Dislocated Workers

In order to effect a coherent policy for serving dislocated workers, all state and federally funded programs that serve dislocated workers will implement consistently the following general principles across the state.

1. Prevention is the best strategy. The state's first priority is to attempt to prevent worker dislocations from occurring. Examples of specific prevention strategies include: incumbent worker training and business and job retention assistance.
2. When dislocation cannot be prevented, the state will mobilize resources as quickly as possible. The state's response will be coordinated, involve labor and management, and will be based upon best practices.
3. Frontline staff, including staff at WorkSource Centers, will provide knowledgeable and courteous services to dislocated workers. Frontline staff will be familiar with the full range of state and federal dislocated worker program options and resources and will immediately link workers with sources for further information.
4. The state will offer the highest quality labor market information, consumer reports on training providers, and other career planning information.
5. The state will use comprehensive assessments to quickly identify dislocated workers who may require intensive or training services in order to be successfully reemployed in suitable employment.
6. The state will offer dislocated workers high quality retraining in skills in high demand. The retraining will be accessible, timely, and based on industry standards.
7. Employment and education staff will collaborate in developing individual training plans.
8. The state will offer public financial assistance to help cover the living expenses of dislocated workers while they are in retraining, subject to funding and statutory restrictions.
9. Programs will be complementary, flexible, and consistent—avoiding contradictory rules, definitions and practices.

3.2 ► The percentage of participants in workforce development programs whose earnings during the second year after program participation can support their family above the poverty level. (This measure will be reported separately for women, people of color, and people with disabilities, as well as for the participant population as a whole.)

3.3 ► The median increase in earnings and hourly wages during the first three years after participation in workforce development programs. (This measure will be reported separately for women, people of color, and people with disabilities, as well as for the participant population as a whole.)

The Issue for Goal 3

In designing strategies to help low-income workers and youth experience wage progression (increases in wages and earnings over time), we must take into account the different populations we are serving, starting with young people.

The young people about whom we are most concerned are those at risk of dropping out of school or have already dropped out. In general, we must employ strategies that engage them in learning so that we prevent and thus reduce the dropout rate. We know that every year of education completed means a higher level of earnings and that most family-wage jobs with benefits require significant post-high school training.

For adults who are unemployed, we must apply strategies to help them get employed and to enable them to stay

employed, for we know that continuous employment is usually accompanied by steadily rising wages.

For low-income individuals, we know vocational skills training increases wage progression beyond the level achieved by continuous employment alone. We must overcome financial, logistical, and access barriers that prevent disadvantaged people, including the working poor, from obtaining vocational skills training.

Objective 3.1

Keep kids in school.

Strategy 3.1.1 ► Develop educational experiences that provide “hands-on” learning opportunities such as work-based learning.

- **Lead Organization:** Office of Superintendent of Public Instruction.
- **Partner Organizations:** Business, Labor, and Workforce Development Councils (Youth Councils).
- **Customers:** Students, Educators, Business, Workers, and Workforce Development Programs.

Strategy 3.1.2 ► Link “second chance” programs for youth who are out of school with the “first chance” system for youth who are in school.

- **Lead Organizations:** Office of Superintendent of Public Instruction and Workforce Development Councils (Youth Councils).

- **Partner Organizations:** Employment Security Department and Department of Social and Health Services.
- **Customers:** Youth, Workforce Development Programs, and Schools.

The Issue for Objective 3.1

Too many young people never complete high school. Twenty-four percent of Washington's ninth graders drop out before their class graduates. Too many young people who want work are not prepared to find it. The 1998 unemployment rate for 16- to 19-year-olds was 16.0 percent compared to the overall state rate of 4.8 percent.

As discussed under Goal 1, high schools in Washington are improving the career planning skills of high school students and transforming the ways they prepare students for life after high school. As part of these changes, high schools are creating new "hands-on" opportunities for students to learn, including contextual, applied, and work-based learning experiences. Such learning includes applied academic courses that teach subjects through application to real-world situations, work-based learning through internships and co-ops, and career pathways that organize student learning through projects centered around their career goals. Evidence is mounting that such practices help to keep students in school by making education relevant and interesting. In Washington, federally

funded School-to-Work Transition consortia have provided leadership and support to many of these efforts.

For students who dropped out of school before obtaining a high school diploma, "second chance" programs can employ similar practices to reengage young people in learning. Many community-based organizations are already doing so. Under the Workforce Investment Act, local workforce development councils will establish youth councils and draft plans to prevent dropouts and reengage dropouts in learning. Services will include counseling, instruction leading to high school completion or its equivalent, paid and unpaid work experience, occupational skills training, summer youth employment, and accompanying support services. Nonprofit, community-based organizations are frequently contractors for these services.

To prevent duplication and increase efficiency, "second chance" programs for youth who are out of school and our "first chance" system of high schools must coordinate efforts. Efficiencies can be obtained, for example, by coordinating their work with employers to develop work-based learning opportunities and to market promising careers. Both first and second chance systems must take advantage of current labor market information for career guidance. Many of the same local leaders who will serve on Youth Councils, might already serve on School-To-Work and Tech-Prep consortia.

Local Workforce Development Councils must work with their local K-12 system, their WorkSource operators, and their contractors for youth services to ensure that resources are not wasted.

Finally, it must be stressed that a high school diploma or GED alone does not generally enable an individual to obtain a family-wage job. Most family-wage jobs require significant postsecondary training. In developing strategies to enable disadvantaged people to achieve self-sufficiency, we must not lose sight of this basic fact.

Objective 3.2

Assist unemployed individuals to gain and retain employment.

Strategy 3.2.1 ► Develop a more effective labor exchange to get individuals into jobs with the greatest potential for wage progression.

- **Lead Organization:** Employment Security Department.
- **Partner Organizations:** Workforce Development Councils.
- **Customers:** Job Seekers, Employers, and Workforce Development Programs.

Strategy 3.2.2 ► Remove barriers and disincentives for people with disabilities, and other populations with unique obstacles to employment.

- **Lead Organizations:** Department of Social and Health Services, Employment Security Department, and Workforce Development Councils.

- **Partner Organizations:** Workforce Training and Education Coordinating Board, State Board for Community and Technical Colleges and its Office of Adult Literacy, and Office of Trade and Economic Development.

- **Customers:** People with unique obstacles to employment.

Strategy 3.2.3 ► Take advantage of programs with demonstrated success in enabling low income individuals to achieve wage progression.

- **Lead Organizations:** Department of Social and Health Services, Employment Security Department, State Board for Community and Technical Colleges, Office of Trade and Economic Development, and Workforce Development Councils.
- **Partner Organizations:** Workforce Training and Education Coordinating Board, and Office of Adult Literacy.
- **Customers:** Low-income individuals and Workforce Development Programs.

Strategy 3.2.4 ► Expand access to support services, such as child care, and other retention services.

- **Lead Organizations:** Department of Social and Health Services and Workforce Development Councils.
- **Partner Organizations:** Employment Security Department and State Board for Community and Technical Colleges.

- **Customers:** Low-income individuals and Workforce Development Programs.

Strategy 3.2.5 ► Conduct coordinated research identifying subpopulations that fail to have wage progression and the reasons why.

- **Lead Organizations:** Employment Security Department, Department of Social and Health Services, and Workforce Training and Education Coordinating Board.
- **Partner Organizations:** State Board for Community and Technical Colleges and its Office of Adult Literacy.
- **Customers:** Low-income individuals and Workforce Development Programs.

The Issue for Objective 3.2

Washington's population growth is slowing. Even with continued immigration from other states and countries, labor force growth slowed to 24 percent during the 1990s. Forecasts suggest that growth in the next decade will slow to 16 percent and from 2010 to 2020 to only 8 percent. This presents Washingtonians with an opportunity and a challenge. The opportunity is that good-paying jobs will become available to a wider spectrum of people than in the past. The challenge is that many of the populations who have been underutilized in the past face unique barriers to gaining and retaining employment.

According to the 1998 Washington Population Survey, there were 617,000 adults (16 percent of Washington adults),

aged 21 or older with household incomes at or below 175 percent of the poverty line. While most of these adults (55 percent) were not employed, many were employed but in jobs that did not provide a good standard of living for them and their family.

From 1990 to 2020, 26 percent of the net additions to Washington's workforce (people entering minus people leaving) are expected to be people of color. For a variety of reasons, including racial prejudice, people of color have obtained less education on average than whites and have traditionally experienced higher levels of unemployment. The percentage who are disadvantaged is near double the percentage in the whole population.

People with disabilities represent another underused human resource. Approximately 450,000 Washingtonians aged 16 to 64 have work-limiting disabilities. Yet according to a 1996 survey of 2,500 Washington citizens with disabilities, many feel their skills are unused or underused. Only 38 percent of people with disabilities have full- or part-time jobs. Of the people employed part-time, nearly half say they want full-time work. About one-third of those employed say their jobs do not use their skills well. When asked what keeps them from getting jobs that better use their skills, survey respondents cite transportation, family responsibilities, need for help in finding a job, and limitations due to their disabilities.

Women who are single parents and their children also often face economic hardships. Eighty percent of all adults

receiving Temporary Assistance to Needy Families (TANF) are women. Fifty-three percent of children living in poverty in Washington are in households that do not have both parents present. To the extent that women remain concentrated in occupations and industries that do not provide them with compensation sufficient to support themselves and their children or offer opportunities for advancement, these families will continue to remain within the boundaries of poverty. Women, however, tend to enter fields of study for occupations that pay less than the fields dominated by men.

There are programs currently targeted at these special populations. The Division of Vocational Rehabilitation provides a full range of vocational services, including determining eligibility for services, assessing vocational interests and abilities, providing labor market information, developing individual employment plans, job search assistance, referrals for job training, physical and mental restoration services, and conducting follow-up services to people with significant disabilities. WorkFirst's services to TANF recipients include the Limited-English Proficient Pathway that blends English-as-a-Second Language (ESL) instruction, job search, and job retention assistance.

Considering the low growth nature of our future labor force, we must pay more attention to those who are currently not fully participating in the labor force, including the disabled community, people of color, and single parents. We will need to diffuse the barriers unique to

each population such as medical insurance for disabled individuals. We will need to offer culturally sensitive services. We will also need more research to identify more accurately the subpopulations that get stuck at the bottom of the labor market and to test strategies to increase their employability. A first step for increasing the earnings of disadvantaged individuals is to help them gain and retain employment. Public employment services, to be offered in the future through the WorkSource system, must become more desirable and accessible to employers and job seekers. WorkSource must become a place that employers turn to find their best job applicants. Those changes in the labor exchange are emerging as we integrate employment services into the one-stop WorkSource system.

Gaining and retaining employment are often difficult first steps for individuals at the bottom of the labor market. They often have problems coping with the balance of family and work—their work is often sacrificed if a domestic crisis arises. They often need help with transportation and childcare. They often lack basic literacy and life management skills. They often have substance abuse problems, and too often suffer from the trauma of domestic abuse or homelessness.

Under our state's WorkFirst program, there are many strategies now in place to assist disadvantaged individuals with gaining and retaining employment. Support services are provided to facilitate employment, including childcare,

transportation, and other employment-related expenditures. The Community Jobs program arranges for jobs in government and community-based organizations. The WorkFirst Post Employment Labor Exchange (WPLEX) program assists with job retention and progression through career guidance, referrals, and other services over the telephone. The Reemploy Washington Workers program assists low-income individuals who have lost their jobs to quickly regain employment. The Limited-English Proficient Pathway blends ESL instruction with job search assistance, work, or work-like activities. Finally, Washington has been the most successful state in the nation in increasing the number of low-income workers receiving the federal Earned Income Tax Credit, which enables many low-income workers to have income above the poverty level.

As we move forward, we must continue to expand the strategies that work to enable disadvantaged people to gain and retain employment. We must also coordinate these services with the new one-stop WorkSource system. WorkSource will be the system for providing employment related services through the Workforce Investment Act Title I, the Employment Service, the federal Welfare-To-Work program, and the state's WorkFirst program, among others. WorkSource will be critical to ensure that services of these programs are well coordinated. Similarly, the new local Workforce Development Councils will collaborate in the development of the WorkFirst service area plans and include the workforce development

components of the WorkFirst service area plan in the 12 local unified plans. Again, this united effort should improve coordination and efficiency and reduce duplication of employer contacts.

Objective 3.3

Increase training for low-income individuals.

Strategy 3.3.1 ► Expand customized training, apprenticeship preparation and apprenticeship programs, and other training opportunities for low-income individuals.

- **Lead Organizations:** State Board for Community and Technical Colleges, Employment Security Department, Workforce Development Councils, Washington State Apprenticeship and Training Council, and Joint Apprenticeship Committees.
- **Partner Organizations:** Workforce Training and Education Coordinating Board, Department of Social and Health Services, and Private Career Schools.
- **Customers:** Low-income individuals and Workforce Development Programs.

Strategy 3.3.2 ► Provide training programs at times and locations that are accessible to working people, including workplaces, and support with on-site child care and other services.

- **Lead Organization:** State Board for Community and Technical Colleges.

“While it does not always work, occupational skills training is the only strategy that has been found to increase wage rates for low-income workers.”

Dr. Gary Burtless,
Economist with
The Brookings Institute
(via videoconference)
at the Workgroup on
Low-Income Wage
Progression,
October 1999

- **Partner Organizations:** Department of Social and Health Services, Employment Security Department, Workforce Development Councils, Office of Trade and Economic Development, and Office of Adult Literacy.
- **Customers:** Low-income workers and Workforce Development Programs.

Strategy 3.3.3 ► Create and offer incentives to employers and low income workers to increase training.

- **Lead Organizations:** Employment Security Department, Workforce Development Councils, and Department of Social and Health Services.
- **Partner Organizations:** Workforce Training and Education Coordinating Board and Office of Trade and Economic Development.
- **Customers:** Low-income workers, Businesses and Workforce Development Programs.

Strategy 3.3.4 ► Increase basic skills instruction in the workplace and integrate it into vocational training.

- **Lead Organization:** State Board for Community and Technical Colleges and its Office of Adult Literacy.
- **Partner Organizations:** State Board for Community and Technical Colleges, Employment Security Department, Department of Social and Health Services, and Workforce Development Councils.

- **Customers:** Students, Low-income Workers, Business, and Workforce Development Programs.

Strategy 3.3.5 ► Develop and offer workforce development programs that are responsive to the unique needs of migrant and seasonal farm workers and other agricultural workers.

- **Lead Organizations:** Employment Security Department and State Board for Community and Technical Colleges and its Office of Adult Literacy.
- **Partner Organizations:** Employment Security Department, Workforce Development Councils, Migrant Farm Worker Organizations, and Labor.
- **Customers:** Migrant Seasonal Farm Workers, Other Agricultural Workers, and Business.

The Issue for Objective 3.3

Programs and strategies to enable economically disadvantaged people to gain and retain employment are a necessary step toward wage progression. Wage progression normally occurs for individuals who stay continuously employed. This is particularly true for individuals in their 20s and 30s.

But, in order to get increases in wages and earnings beyond the level achieved normally by low-income workers who stay employed, vocational skills training is necessary. As concluded by Gary Burtless of the Brookings Institution,

training in occupational skills is the only program strategy that has been proven to have a positive net impact on wage progression. Not that vocational skills training always works. It doesn't. Vocational skills training, however, is the only strategy that does work.

The Workforce Board's own research supports this conclusion. Our net impact evaluation of the JTPA program for disadvantaged adults found that employment services without occupational skills training were successful in increasing the number of people employed. The employment, however, was in jobs with lower hourly wages and earnings than the jobs held by a comparison group of similar individuals who were not in the program. In contrast, program participants who received vocational training at a community or technical college experienced wage and earnings gains substantially above their comparison group of similar individuals. This finding does not say that vocational training is the right strategy for all disadvantaged people. Not all economically disadvantaged people are in a position for success in a training program, due to substance abuse, very limited basic skills, or other extreme barriers. This finding points out, rather, the importance of enabling individuals who can succeed in vocational training to have access to it.

An important distinction lies in the term "vocational" or "occupational skills training." The positive impacts that the Workforce Board, Dr. Burtless, and others have found have been from programs in vocational skills training, not in programs

offering basic or general education without occupational skills training. (The lumping together of research on the results of education and training programs may be one reason why there is confusion about the effectiveness of occupational skills training for poor people.) Only when basic skills instruction is coupled with occupational training does it generally have a positive impact on employment and earnings.

We face a daunting challenge in providing real access to vocational skills training for the working poor. These are often individuals who have a difficult enough time working and taking care of a family at the same time without also going to school. Our wage progression strategy cannot be passive—we must actively pursue potential customers and make training and other services available that respond to the needs of working people. The WPLEX program has started this process, contacting all WorkFirst clients who have gone to work to offer them services to help them advance, including referrals to training providers. The Preemployment Training program offers up to 12 weeks of customized job training at a community or technical college for particular job openings.

To take the next steps, we must make more training programs available at convenient hours and locations for working people. We must provide child care and other support services at times and places where parents are going to school. We must offer training using modular curricula that is open-entry and open-exit so workers can receive training in "doable" doses.

The Job Ladder Partnership at Shoreline Community College provides a promising model. It helps students identify a career pathway within firms or collaborating firms, identifies the educational opportunities available, uses entry-level jobs as a pathway toward earning a family-wage living, offers training in shifts, and provides work-related adult basic education. Also, we must increase customized training for people at work. We must expand apprenticeship preparation and apprenticeship opportunities. We must provide financial incentives to both employers and employees for vocational skills training so that both can afford it. Other states are experimenting with such ideas as individual training credits, tax credits to employers, income support for time spent in training, and financial aid for part-time enrollment.

We must offer training and related support services that are responsive to the unique needs of particular populations such as people of color, refugees, women, and people with disabilities. Only 13 percent of the participants in state-approved apprenticeship programs are women, and many apprenticeship programs have no female participants. Apprenticeship and Nontraditional Employment for Women, Columbia Industries, and other providers specialize in apprenticeship preparation and other nontraditional employment and training opportunities for women. Farm workers have particular needs that must be addressed. Among the approximately 170,000 migrant and seasonal farm workers, the median annual income is \$5,000, and the median level of educational attainment is the 8th grade. We

must develop training programs that respond to the unique characteristics of the farm worker population, including the seasonal nature of their work.

The innovative strategies of the state's WorkFirst program provide a good start in helping poor people gain and retain employment. We must now take the next steps to help low-income workers have wage progression.

Challenge 4: Facilitate the Integration of Workforce Development Programs

GOAL 4 ► *To make the vision of WorkSource a reality so that workforce development programs are customer-friendly, broadly accessible, and fully committed to Continuous Quality Improvement.*

Key Performance Measures

4.1 ► The percentage of total employers using WorkSource.

4.2 ► The percentage of total workers using WorkSource.

4.3 ► WorkSource customer perception of seamlessness as evidenced by survey responses.

The Issue for Goal 4

There are 20 different programs in the workforce development system and 27 other related programs. Each program was established to fulfill certain purposes for certain populations of customers. In most cases, these purposes and eligible populations are specified by state or federal statute. Rules established by

agencies provide greater specificity to guide staff in carrying out the programs. Although these program designs may make sense in and of themselves, when viewed in combination, they often create a dizzying array of government services to the customers they are intended to serve. In order to effectively meet the challenges set forth by the Governor, we must remove or transcend these barriers to customer service.

Objective 4.1

Provide one-stop service to workforce development customers.

Strategy 4.1.1 ► Establish WorkSource as the common entry point for the state’s workforce development programs.

- **Lead Organizations:** Employment Security Department and Workforce Development Councils.
- **Partner Organizations:** WorkSource Partner Programs and Business and Labor organizations.
- **Customers:** Job Seekers and Employers.

The Issue for Objective 4.1

As discussed earlier in this plan, WorkSource is Washington’s emerging one-stop system for workforce development programs. By July 1, 2000, there will be comprehensive WorkSource Centers in each of the 12 areas of the state. These centers and their affiliate sites will offer access to at least 12 different workforce development and related programs. In

addition, customers will be able to “serve themselves” via Internet-based services. Customers coming to WorkSource, either in-person or electronically, will find a menu of employment and training options from which to choose the right path for them. While these options will still be funded by separate program streams, the customers should not be aware of this, the different services should be accessible as though they were funded from a single program. That is the goal—to make the walls between categorical programs invisible to the customers.

While WorkSource is already emerging, we still have a long way to go. We must knock down categorical thinking. We must think of the workforce development programs as a system, and act as if they were a system. We must face up to hard decisions regarding shared resources and shared accountability for results. If we are to meet the challenges presented by the skills gap, transitions for incumbent and dislocated workers, and wage progression for low-income individuals, we must move beyond programmatic approaches. We must break down the walls of categorical programs so that customers receive the best possible service.

The state’s plan for implementation of the Workforce Investment Act spells out in more detail our intended actions to establish WorkSource as a statewide system. As additional strategies are identified, they will be included here.